



10th

ANNIVERSARY
2010 - 2020



WELL GRADED

ANNUAL REPORT

2020

WELL GRADED ENGINEERING PLC.

CONTENTS

1	Message from The Chairman
3	Vision and Mission
4	Company Information
5	Summary of Financial Statements
6	Policy and Overall Business Operations
10	Board of Directors and Management
20	Nature of Business
42	Summary of Thai Economy and Real Estate Industry Overview
47	Risk Factor
53	Shareholding Structure and Management
62	The Corporate Governance
96	Social and Environmental Responsibilities
107	Internal Control and Risk Management
111	Related party transactions
118	Responsibilities of the Board of Directors for Financial Report
119	Report of The Audit Committee
120	Report of Independent Auditor
180	Financial Highlights
190	Management Discussion and Analysis
214	References



Message from Chairman of the Board Director



Ms.Tachanun Kangwantrakool

Chairman of the Board Director

2020 is the year that many countries encountered many business challenges such as the Pandemic of Covid-19, tourism crisis and LTV measure from Bank of Thailand. This LTV measure impacted our real estate customers tremendously. However; construction industry has expanded from the year 2019 which resulted mainly from the spending of government sector. There are a few projects that are in the process of construction e.g., the Pink Line electric train (Khae Rai-Min Buri), the Yellow Line electric train (Ladprao-Samrong) and Orange Line electric train (Thailand Cultural Center-Min Buri).

The direction of the government for 2021 would still focus on the infrastructure. There should be a few major projects continuously which will gain trust and the investment from private sector. This will have impact to foundation construction industry. The value of the construction for 2021 should be close to 2020.

The company's direction is build sustainability overtime. We have been expanding customer base and focus on working with quality customers, controlling cost, managing liquidity and developing human capital continuously. We also are exploring new business opportunities to reinforce our future.

I would like to take this opportunity on behalf of committees to thank all shareholders for the trust and great cooperation, all customers for the continuing support, all management and employee for the collaboration, responsibility and hard work which contribute to our sustainability and continue development that will help us succeed in both short and long future.



Ms.Tachanun Kangwantrakool

The Chairman of Board Director

VISION

To be a top leading construction company in Thailand



MISSION



Build teamwork and continuously improve employee skills to increase productivity in workplace and enhance professional development at every level and in every field of work.



Improve operation procedures and embrace innovation & technology in order to enhance a full service construction business.



Successfully deliver a complete project on time, within budget, of desired quality, as well as satisfy and meet customer' needs.

TARGET

To be one of the ten construction contractors in Thailand with great and effective management, focusing on safety and occupational health, high moral and transparency that will gain trust from customers and create high satisfaction, by experienced, knowledgeable working team, including expanding to new customer base and set standard of construction engineering system.

Company Information

Company Name	: Well Graded Engineering Public Company Limited
Stock Quote	: WGE
Type of Business	: Construction
Registration Number	: 0107563000061
Main Office Address	: 50/1203 Moo 9, Bang Phut Sub-district, Pak kret District Nonthaburi
Telephone	: 02-981-7992-4
Fax	: 02-981-7995, 02-981-7970
Website	: www.well-graded.com
E-Mail	: info@wge.in.th
Registered Capital	: 300,000,000 Bath
Paid-in Capital	: 300,000,000 Bath
Ordinary Share	: 600,000,000 Shares
Par Value	: 0.50 Baht

Subsidiary Company Information

Company Name	: W Team Company Limited
Type of Business	: Construction
Registration Number	: 0125563034525
Main Office Address	: 50/1203 Moo 9, Bang Phut Sub-district, Pak kret District Nonthaburi
Telephone	: 02-981-7992-4
Fax	: 02-981-7995, 02-981-7970
Website	: www.wteam.co.th
E-Mail	: info@wteam.co.th
Registered Capital	: 45,000,000 Bath
Paid-in Capital	: 11,250,000 Bath
Ordinary Share	: 4,500,000 Shares
Par Value	: 100 Baht

“Investors can find out more information about the companies listed on the Annual Registration Statement (Form 56-1) of the company listed in www.sec.or.th or company website www.well-graded.com”

Summary of Financial Statements

List	2018	2019	2020
Asset			
Current Assets (Million Baht)	612.00	382.58	726.38
Non-Current Assets (Million Baht)	211.17	298.84	296.27
Total Assets (Million Baht)	823.17	681.42	1,022.65
Liabilities & Shareholder's Equity			
Current Liabilities (Million Baht)	548.78	355.44	313.56
Non-Current Liabilities (Million Baht)	16.30	33.45	52.98
Total Liabilities (Million Baht)	565.07	388.89	366.54
Paid-up Capital (Million Baht)	200.00	220.00	300.00
Equity (Million Baht)	258.10	292.53	656.11
Performance			
Revenue from construction (Million Baht)	1,290.11	1,509.74	857.74
Total Revenue (Million Baht)	1,305.60	1,514.64	864.73
Gross Profit (Million Baht)	112.28	223.64	141.11
Net Profit (Million Baht)	37.68	114.66	45.59
Per Share Figure			
Net Profit (บาท)	0.09	0.26	0.08
Book Value (บาท)	0.65	0.66	1.09
Liquidity Ratio			
Current Ratio (X)	1.12	1.08	2.32
Quick Ratio (X)	0.84	0.96	1.86
Profitability Ratio			
Gross Profit Margin (%)	8.70	14.64	16.45
Operation Profit Margin (%)	3.66	9.56	6.79
Net Profit Margin (%)	2.89	7.56	5.27
Return on Equities (%)	13.48	41.65	9.61
Efficiency Ratio			
Return on Asset (%)	5.35	15.21	5.35
Financial Policy Ratio			
Debt to Equity Ratio (X)	2.19	1.33	0.56
Interest Coverage Ratio (X)	183.77	39.19	(10.21)

Policy and Overview of the Business

Well Graded Engineering Public Company Limited (“the Company”, “WGE”) was established on 21st December 2010 with registered capital worth 5,000,000 baht. The founder is Mr. Kraingsak Buanoom, Managing director. He is an experienced engineer who specializes in project management. He has foreseen that the demand of engineering service is growing which is the foundation of the economic growth of the country. With his vision, determination and attention to provide the best quality service (Well Grade) to customers in a timely and the best after sale services.

The company provides construction services for both public and private sectors e.g. Low-rise and High-rise condominiums, hospitals and office buildings. The services also include civil engineering, system engineering and landscape architecture, utilities construction services. The company provides services as a Main Contractor and a Sub-Contractor. In the initial state, the company provides construction services mainly in the south of the country. With good track records with many customers, the company has earned trust for much bigger projects. The company has then expanded operation to other regions in Bangkok metropolitan and vicinity including other major provinces.

Throughout the period of construction service, the company continues delivering quality work, taking care of customers in each project closely and responding to the various needs of customers accurately. Including delivering work on time with a reasonable price by the management team and the team with knowledge and ability. In addition, the company also places great emphasis on managing construction projects to be completed on time with high quality. Therefore, an information system called ERP (Enterprise Resource Planning) was put into operation to assist in planning the construction and controlling the cost and budget. It appears to be accepted by both public and private project owners and has certified ISO 9001: 2015 in the quality management system for construction and engineering.

The company is committed to strengthen and build capabilities of the organization under great working environment. With an organizational culture that values the development of personnel in the organization to have knowledge, capacity and operational potential for maximum efficiency and stable growth of the organization. Including focusing on managing the organization to grow continuously. In order to create good and fair returns to the shareholders, employees and stakeholders, the company has the important development sequence as follows:

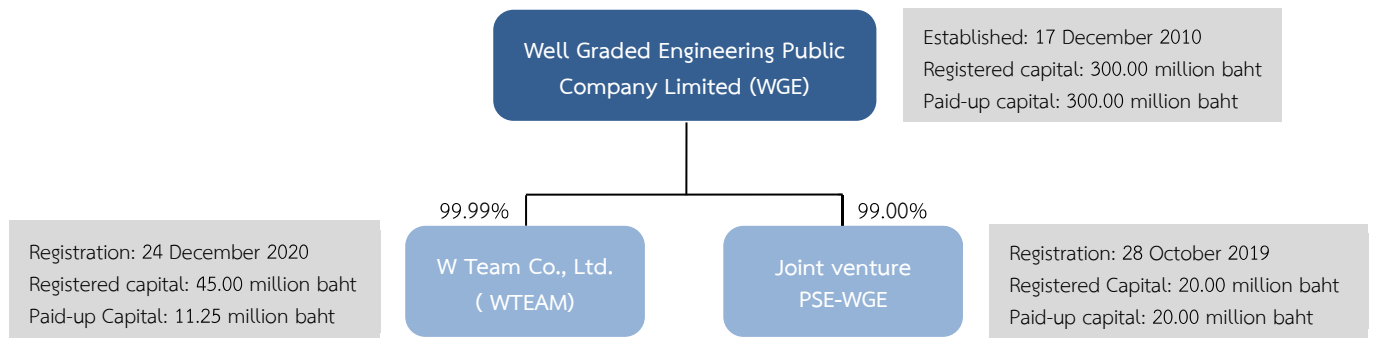
Significant changes and development

2010	In December, Well Graded Engineering Company Limited (“the Company”, “WGE”) was established with registered capital worth 5,000,000 baht which is combined with 50,000 ordinary shares with a Par value of 100 baht. Headquarters locate at 14/31 Moo 5, Banmai, Pakkred, Nonthaburi. The company provides construction services with a team of experienced engineer led by Mr. Kraingsak Buanoom.
2012	<p>In January, the company increased its registered capital to 10,000,000 baht by issuing 50,000 ordinary shares with a Par value of 100 baht, fully paid, for the purpose of investment in expanding services and as working capital.</p> <p>In February, the company sign AW Joint Venture contract with A.S.A. Karnchang Co., Ltd with a specific purpose in general work construction. Total credit amount of 1,000,000 baht, the company holding a 99.00 percent investment.</p>
2013	In June, the company relocated its headquarters to 50/1203 Moo 9, Bangpood, Pakkred, Nonthaburi.
2014	<p>In July, the company was certified ISO 9001: 2008, which is a quality management system certification standard that businesses around the world give importance to. For excellence in quality and efficiency of operations within the organization to ensure that personnel in the organization know their duties, responsibilities and procedures in the field of "Construction and Engineering"</p> <p>In August, the company changes a spelling of their Thai name but still pronounce in the same way as Well Graded Engineering Company Limited.</p>
2015	In August, the company launched a full resource management program for the contractor business (Enterprise Resource Planning “ERP”), enabling the company to collect and retrieve data to analyze and control the drawdown of construction materials efficiently. The company also established a warehouse at 73 Moo 7, Bang Duea, Mueang Pathum Thani, Pathum Thani.
2016	In January, the company increased its registered capital to 110,000,000 baht by issuing 1,000,000 ordinary shares with a Par value of 100 baht, fully paid, for the purpose of investment in expanding services and as working capital.
2017	In July, the company was certified ISO 9001: 2015, which is a quality management system certification standard that businesses around the world give importance to. For excellence in quality and efficiency of operations within the organization to ensure that personnel in the organization know their duties, responsibilities and procedures in the field of " Building

	<p>Construction and Engineering Activity "</p> <p>In September, the company received an award "Outstanding Condominium After-sales Service Contractor" from Sansiri Public Company Limited.</p>
2018	<p>In September, the company terminate AW Joint Venture contract.</p> <p>In December, the company increased its registered capital to 200,000,000 baht by issuing 900,000 ordinary shares with a Par value of 100 baht, fully paid, for the purpose of investment in expanding services and as working capital.</p>
2019	<p>In October, the company sign PSE-WGE Joint Venture contract with Pichitsuwan Engineer Ltd. Part with a specific purpose of the construction of an aquaculture processing plant in the amount of 20 million baht with the company holding a 99.00 percent investment.</p> <p>In December, the company increased its registered capital to 220,000,000 baht by issuing 200,000 ordinary shares with a Par value of 100 baht, fully paid, for the purpose of investment in expanding services and as working capital.</p>
2020	<p>In March, the 2020 Annual General Meeting of Shareholders passed a resolution to transform the company into a public company limited by changing its name to Well Grade Engineering Public Company Limited, the par value was converted from 100 baht per share to 0.50 baht per share and passed a resolution to increase the company's registered capital from 220 million baht to 300 million baht, divided into 160 million ordinary shares with a par value of 0.50 baht per share by allocating 160 million shares to be offered to the public. On April 7, 2020, the company registered the conversion from a limited company to a public limited company with the Ministry of Commerce.</p> <p>In November, the Stock Exchange of Thailand has received the securities of Well Grade Engineering Public Company Limited as listed securities and has officially traded on 3rd November 2020 (First day Trade).</p> <p>In December, W Team Company Limited was established with the specific purpose of infrastructure works construction. In the total amount of 45 million baht, with the company having a 99.99 percent investment</p>

Shareholding Structure of the Company Group

As of 31st December 2020, the company has invested in a Joint Venture (“Subsidiary company”) as follows



Relationship with the business group of major shareholders

- None -

Board of Directors and Management



MS. Tachanun Kangwantrakool

Chairman of the Board of director / Audit Committee Member /
Risk Management Committee member / Independent Director



Asst. Prof. Wikrom Jaruphongsas, Ph.D.

Chairman of the Audit Committee / Independent
Director



Mr. Chamnarn Wangtal

Audit Committee Member / Independent Director



Mr. Kraingsak Buanoom

Director / Chairman of the Executive Committee / Chairman of Risk Management Committee / Managing Director



Mr. Vayu Tongpoon

Director / Executive Committee / Deputy Managing Director of Engineer and Operation Department



Mrs. Ploypatcha Buanoom

Director / Executive Committee / Deputy Managing Director of Administration Department



Ms. Pakamol Chanhom

Director / Executive Committee / Deputy Managing Director
of Accounting and Finance Department



Mr. Kriangkrai Buanoom

Director / Executive Committee / Deputy Managing
Director of Support Business Department

Board of Directors and Management as of 31st December 2020

Order	Name-Surname / Position	Age (Year)	Education / Training	Proportion Shareholding in company (%)	Family relationship between Directors and Executive	Work Experiences			
						Period	Position	Name of Organization/Company	Type of Business
1.	Ms.Tachanun Kangwantrakool • Chairman of Director • Audit Committee • Independent Director • Risk Management Committee member	50	• Ph.D. in Software Engineering/ICT Carnegie Mellon University • Master of Computer Engineering and Management Assumption University • Bachelor of Science (Statistics) Payap University • Director Certificate Program (DCP) 268/2018 • Financial Statement for Directors (FSD) 38/2019 • Risk for Corporate Leader (RCL) 17/2019	- 0.05 -	- None -	2563 – Present	• Director	• Acis Professional Center Company Limited	• IT Consult
						2562 – Present	• Chairman of Director / Audit Committee / Independent Director / Risk Management Committee member	• Well Graded Engineering Public Company Limited	• Construction
						2538 – Present	• Director(Authorized Director) / Chief executive director	• I Sem Company Limited	• Software Production/ IT Consult
						2561 – Present	• Director	• I App Technology Company Limited	• AI Development Service
						2562 – Present	• Chief of Digital business and Technology	• Sabuy Technology Public Company Limited	• Online Top up Machine and Bill and Drink Vending Machine
						2560 – Present	• Consult of Chief executive officer	• Sahaviriya Group	• Steel
						2560 – Present	• Consult of Chief executive officer	• SDG Group	• IT Solution
						2560 – Present	• Consult of Chief executive officer	• Samart corporation Group	• Communication
						2560 – 2562	• Consult of Chief executive officer	• Data One Asia (Thailand) Company Limited	• Software consult
						2558 – 2560	• Consult of Development Process	• Bangkok Payment Solution Company Limited	• Software Production

Order	Name-Surname / Position	Age (Year)	Education / Training	Proportion Shareholding in company (%)	Family relationship between Directors and Executive	Work Experiences			
						Period	Position	Name of Organization/Company	Type of Business
2.	Asst.prof. Wikrom Jaruphongs, Ph.D. • Chairman of the Audit Committee • Independent Director	47	<ul style="list-style-type: none"> Ph.D. in Industrial Engineering Texas A&M University, USA M.S. in Engineering Management University of Southern California, USA Bachelor of Engineering (BEng) Mechanical Engineering Chulalongkorn University Bachelor of Science (Occupational health and safety) Sukhothai Thammathirist University Director Certificate Program (DCP) 268/2018 	- 0.05 -	- None -	2562 – Present	• Chairman of the Audit Committee / Independent Director	• Well Graded Engineering Public Company Limited	• Construction
						2552 – Present	• Executive Committee / Director	• Mon Logistics Group Company Limited	• Holding company
						2558 – Present	• Managing Director / Director(Authorized Director)	• Cargo Support Asia Company Limited	• Software Production/ IT Consult
						2552 – 2562	• Head of Operations Management and Technology	• Sasin Graduate Institute of Business Administration of Chulalongkorn University	• Education
						2555 – 2562	• Director of Information Systems		
						2560 – 2562	• Chairman of the Director Audit Committee		
						2561 – 2562	• Consult of the Executive Committee		
3.	Mr.Chamnarn Wangtal • Audit Committee • Independent Director	66	<ul style="list-style-type: none"> Master of Finance and Banking, Marshall University, USA Bachelor of Biology, Saint Vincent College, USA Director Accreditation Program (DAP) 114/2015 	- 0.05 -	- None -	2563 – Present	• Director	• The Thana Align Resort Company Limited	• Hotel and Resort
						2563 – Present	• Director	• Thanont Property Company Limited	• Property
						2563 – Present	• Director	• Baan Chid tara Company Limited	• Hotel and Resort
						2563 – Present	• Director	• Free zone Asset Company Limited	• Warehouse
						2563 – Present	• Director	• Withunthanakorn Company Limited	• Property
						2563 – Present	• Director		• Property

Order	Name-Surname / Position	Age (Year)	Education / Training	Proportion Shareholding in company (%)	Family relationship between Directors and Executive	Work Experiences			
						Period	Position	Name of Organization/Company	Type of Business
						2563 – Present	• Director	• Villa Nakarin Company Limited	• Property
						2563 – Present	• Director	• Aquarius estate Company Limited	• Hotel and Resort
						2563 – Present	• Director	• Aquarius Hotels and Resorts Company Limited	• Property
						2563 – Present	• Director	• AQ Property Management Company Limited	• Consult
						2563 – Present	• Director	• AQ Marketing Service Company Limited	• Hotel
						2563 – Present	• Director	• AQ Village Company Limited	• Land development
						2563 – Present	• Director	• AQ Estate Public Company Limited	• Advertising
						2562 – Present	• Audit Committee / Independent Director	• SLM Corporation Public Company Limited	• Construction
						2557 – Present	• Audit Committee / Independent Director / Chairman of the Risk Management Committee member	• Well Graded Engineering Public Company Limited	• Natural gas
						2560 – Present	• Chairman of the Audit Committee / Independent Director	• Scan Inter Public Company Limited	• Advertising
						2550 – 2553	• Deputy Managing Director	• Chuo Senko (Thailand) Public Company Limited	• Bank
								• Thai Bank Public	

Order	Name-Surname / Position	Age (Year)	Education / Training	Proportion Shareholding in company (%)	Family relationship between Directors and Executive	Work Experiences			
						Period	Position	Name of Organization/Company	Type of Business
								Company Limited	
4.	Mr.Kraingsak Buanoom • Managing Director • Director(Authorized Director) • Chairman of the Risk Management Committee member • Chairman of the Executive Committee	42	• Master of Civil Engineering Kasetsart University • Bachelor of Civil Engineering Mahanakorn University of Technology • Director Certificate Program (DCP) 268/2018	46.72	Husband of Mrs.Ploypatcha Buanoom and Brother of Mr.Kiangkrai Buanoom and Nephew of Ms.Pakamol Chanhom	2556 – Present 2563 – Present	• Managing Director / Director(Authorized Director) / Chairman of the Risk Management Committee member / Chairman of the Executive Committee • Director • Director	• Well Graded Engineering Public Company Limited • W Team Company Limited • Central Park Land Company Limited	• Construction • Construction • Property
5.	Mr.Vayu Tongpoon • Deputy Managing Director of Engineer and Operation Department • Director(Authorized Director) • Executive Committee	39	• Master of Business Administration Kasetsart University • Bachelor of Civil Engineering Mahanakorn University of Technology • Director Accreditation Program (DAP) 164/2019	13.38	- None -	2556 – Present 2563 – Present	• Deputy Managing Director of Engineer and Operation Department/Director(Authorized Director) / Executive Committee • Director • Director	• Well Graded Engineering Public Company Limited • W Team Company Limited • Central Park Land Company Limited	• Construction • Construction • Property
6.	Mrs.Ploypatcha Buanoom • Deputy Managing Director of Administration Department • Director(Authorized Director) • Executive Committee	40	• Bachelor's Degree in Civil Engineering Rajamangala University of Technology Isan Nakhonratchasima • Director Accreditation Program (DAP) 164/2019 • Company Secretary (CSP) 95/2019	6.72	Wife of Mr.Kraingsak Buanoom	2556 – Present	• Deputy Managing Director of Administration Department / Director(Authorized Director) / Executive Committee • Director	• Well Graded Engineering Public Company Limited • Central Park Land Company Limited	• Construction • Property

Order	Name-Surname / Position	Age (Year)	Education / Training	Proportion Shareholding in company (%)	Family relationship between Directors and Executive	Work Experiences			
						Period	Position	Name of Organization/Company	Type of Business
7.	Mr.Kriangkrai Buanoom • Deputy Managing Director of Support Business Department • Director(Authorized Director) • Executive Committee • Secretary	34	Bachelor's Degree in Instrumentation Engineering King Mongkut's Institute Technology Ladkrabang • Director Accreditation Program (DAP) 164/2019 • Company Secretary (CSP) 95/2019	3.38	Brother of Mr.Kraingsak Buanoom And nephew of Ms.Pakamol Chanhom	2558 – Present 2554 – Present	• Deputy Managing Director of Support Business Department / Director(Authorized Director) / Executive Committee / Secretary • Director	• Well Graded Engineering Public Company Limited • Central Park Land Company Limited	• Construction • Property
8.	Ms.Pakamol Chanhom • Deputy Managing Director of Accounting and Finance Department • Director(Authorized Director) • Executive Committee	47	• Bachelor of Accounting Ram Ramkhamhaeng University • Director Accreditation Program (DAP) 164/2019 • CFO's Orientation Course for New IPOs #4	3.38	Aunt of Mr.Kraingsak Buanoom and Mr.Kriangkrai Buanoom	2555 – Present 2563 – Present 2554 – Present	• Deputy Managing Director of Accounting and Finance Department / Director(Authorized Director) / Executive Committee • Director • Director	• Well Graded Engineering Public Company Limited • W Team Company Limited • Central Park Land Company Limited	• Construction • Construction • Property

Details of the Director Executive Controlling Authority and Secretary

Name	Position	Related Company										
		1	2	3	4	5	6	7	8	9	10	11
1. MS.Tachanun Kangwantrakool	X, I, III, IV	I, II, V, VI, @	I, VI	V						#	#	#
2. Asst.prof. Wikrom Jaruphongs, Ph.D.	I, III, IV				I, II	I, VI, @	III, #					
3. Mr.Chamnarn Wangtal	I, III, IV							I, III, IV	I, III, IV			
4. Mr.Kraingsak Buanoom	I, II, V, VI, @											
5. Mr.Vayu Tongpoon	I, II, V, VI, @											
6. Mrs.Ploypatcha Buanoom	I, II, V, VI, @											
7. Mr.Kriangkrai Buanoom	I, II, V, VI, VII, @											
8. Ms.Pakamol Chanhom	I, II, V, VI, @											

Note : X = Chairman of the Director I = Director II = Executive Committee III = Audit Committee IV = Independent Director V = Executive VI = Shareholder VII = Secretary @ = Authorized Director # = Consult

Related Company :

- | | | |
|--|---|--|
| 1. Isem Company Limited | 2. I App Technology Company Limited | 3. Sabuy Technology Public Company Limited |
| 4. Mon logistic group Company Limited | 5. Cargo Support Asia Company Limited | 6. Sasin Graduate Institute of Business Administration of Chulalongkorn University |
| 7. Scan Inter Public Company Limited | 8. Chuo Senko (Thailand) Public Company Limited | 9. Sahaviriya Group |
| 10. CDG Group | 11. Samart Corporation Group | 12. Acis Professional Center Company Limited |
| 13. The Thana Align Resort Company Limited | 14. Thanont Property Company Limited | 15. Bann Chid tara Company Limited |
| 16. Free zone Asset Company Limited | 17. Withun Thanakorn Company Limited | 18. Villa Nakarin Company Limited |
| 19. Aquarius Estate Company Limited | 20. Aquarius Hotel and Resort Company Limited | 21. AQ Property management Company Limited |
| 22. AQ Marketing Service Company Limited | 23. AQ Village Company Limited | 24. AQ Estate Public Company Limited |
| 25. SLM Corporation Public Company Limited | 26. W Team Company Limited | 27. Central Park Land Company Limited |

Details of the Director Executive Controlling Authority and Secretary

Name	Position	Related Company										
		12	13	14	15	16	17	18	19	20	21	22
1. MS.Tachanun Kangwantrakool	X, I, III, IV	I										
2. Asst.prof. Wikrom Jaruphongsa, Ph.D.	I, III, IV											
3. Mr.Chamnarn Wangtal	I, III, IV		I	I	I	I	I	I	I	I	I	I
4. Mr.Kraingsak Buanoom	I, II, V, VI, @											
5. Mr.Vayu Tongpoon	I, II, V, VI, @											
6. Mrs.Ploypatcha Buanoom	I, II, V, VI, @											
7. Mr.Kriangkrai Buanoom	I, II, V, VI, VII, @											
8. Ms.Pakamol Chanhom	I, II, V, VI, @											

Note : X = Chairman of the Director I = Director II = Executive Committee III = Audit Committee IV = Independent Director V = Executive VI = Shareholder VII = Secretary @ = Authorized Director # = Consult

Related Company :

- | | | |
|--|---|--|
| 1. Isem Company Limited | 2. I App Technology Company Limited | 3. Sabuy Technology Public Company Limited |
| 4. Mon logistic group Company Limited | 5. Cargo Support Asia Company Limited | 6. Sasin Graduate Institute of Business Administration of Chulalongkorn University |
| 7. Scan Inter Public Company Limited | 8. Chuo Senko (Thailand) Public Company Limited | 9. Sahaviriya Group |
| 10. CDG Group | 11. Samart Corporation Group | 12. Acis Professional Center Company Limited |
| 13. The Thana Align Resort Company Limited | 14. Thanont Property Company Limited | 15. Bann Chidtara Company Limited |
| 16. Free zone Asset Company Limited | 17. Withun Thanakorn Company Limited | 18. Villa Nakarin Company Limited |
| 19. Aquarius Estate Company Limited | 20. Aquarius Hotel and Resort Company Limited | 21. AQ Property management Company Limited |
| 22. AQ Marketing Service Company Limited | 23. AQ Village Company Limited | 24. AQ Estate Public Company Limited |
| 25. SLM Corporation Public Company Limited | 26. W Team Company Limited | 27. Central Park Land Company Limited |

Details of the Director Executive Controlling Authority and Secretary

Name	Position	Related Company				
		23	24	25	26	27
1. MS.Tachanun Kangwantrakool	X, I, III, IV					
2. Asst.prof. Wikrom Jaruphongsa, Ph.D.	I, III, IV					
3. Mr.Chamnarn Wangtal	I, III, IV	I	I	I		
4. Mr.Kraingsak Buanoom	I, II, V, VI, @				I	I
5. Mr.Vayu Tongpoon	I, II, V, VI, @				I	I
6. Mrs.Ploypatcha Buanoom	I, II, V, VI, @					I
7. Mr.Kriangkrai Buanoom	I, II, V, VI, VII, @					I
8. Ms.Pakamol Chanhom	I, II, V, VI, @				I	I

Note : X = Chairman of the Director I = Director II = Executive Committee III = Audit Committee IV = Independent Director V = Executive VI = Shareholder VII = Secretary @ = Authorized Director # = Consult

Related Company :

- | | | |
|--|---|--|
| 1. Isem Company Limited | 2. I App Technology Company Limited | 3. Sabuy Technology Public Company Limited |
| 4. Mon logistic group Company Limited | 5. Cargo Support Asia Company Limited | 6. Sasin Graduate Institute of Business Administration of Chulalongkorn University |
| 7. Scan Inter Public Company Limited | 8. Chuo Senko (Thailand) Public Company Limited | 9. Sahaviriya Group |
| 10. CDG Group | 11. Samart Corporation Group | 12. Acis Professional Center Company Limited |
| 13. The Thana Align Resort Company Limited | 14. Thanont Property Company Limited | 15. Bann Chid tara Company Limited |
| 16. Free zone Asset Company Limited | 17. Withun Thanakorn Company Limited | 18. Villa Nakarin Company Limited |
| 19. Aquarius Estate Company Limited | 20. Aquarius Hotel and Resort Company Limited | 21. AQ Property management Company Limited |
| 22. AQ Marketing Service Company Limited | 23. AQ Village Company Limited | 24. AQ Estate Public Company Limited |
| 25. SLM Corporation Public Company Limited | 26. W Team Company Limited | 27. Central Park Land Company Limited |

Nature of Business

1. Revenue Structure

The company provides construction services for both public and private sectors e.g., Low-rise and High-rise condominiums, hospitals and office buildings. The services also include civil engineering, system engineering and landscape architecture, utilities construction services. Revenue of the Company could be divided by client classification as below:

Revenue by Client Classification	Y 2018		Y 2019		Y 2020	
	Baht (Million)	%	Baht (Million)	%	Baht (Million)	%
Private sector client	750.31	57.47	1,168.62	77.16	563.77	65.20
Public sector client	539.80	41.34	341.12	22.52	293.97	34.00
Total of revenue from construction	1,290.11	98.81	1,509.74	99.68	857.74	99.19
Other income ¹	15.49	1.19	4.90	0.32	6.99	0.81
Total revenue	1,305.60	100.00	1,514.64	100.00	864.73	100.00

Remark: 1/ Other income includes income from breach of contract, income from supplying labor to sub-contractors, sale of scrap, interest and dividend from joint venture

2. Products and Services

Scope of the Company's service covers from construction management and control to procurement of materials and labor. The company provides construction services that include civil engineering, architectural engineering, system engineering, structural steelwork, precast, interior design, renovation, public utility infrastructure and after sales service "Well Care". For M&E – Mechanical and Electrical work including Electrical & Communication System, Air Conditioning & Ventilation System, Plumbing & Fire Protection System, under supervision of experienced and expertise engineer team, the Company will subcontract M&E work to a professional contractor. The key target type of construction of the Company is office building, condominium, hospital, university building and industrial plant from both private sector and public sector client.

The Company can provide services that cover all needs in construction service for various types of building so the Company has a policy to enter into a contract with the project owner as a main contractor. However, the Company will sub-contract some specific work that requires a more qualified expertise to reduce risk of errors that can be caused by potential amateurish fault. The Company's profession characteristics can be divided into 3 types as follow;

1. Main contractors - The company will offer jobs directly on behalf of the company. It could be a bid or negotiation with the project owner directly. However, in the case of a large construction project or a specialized construction project, the company may employ a professional subcontractor to assist in the implementation. The subcontractor selection process is based on creditworthiness and past performance. The company has a policy to not rely on any specific subcontractor.
2. Subcontractors - The company will accept work from other contractors who receive work directly from the project owner. The company will consider only the main contractors who are reputable and have stable financial status. However, the company will select a subcontractor only if the job is large scale or has minimum qualifications. For example, only high-value government projects. However, since the company was established until 31 December 2020, the company has not yet accepted any work as a subcontractor. But in the future, if there are projects that meet the aforementioned conditions, the company will consider operating as a sub-contractor.
3. Joint Venture - In some cases, the Company may enter into the business of two or more individuals or businesses through joint ventures. Whether it is capital, property, labor, technology, or others under an agreement or joint venture agreement. This kind of business operation occurs when the company accepts large projects that require labor and technology to operate. If the project is completed, the joint venture will also be considered terminated. As of 31 December 2020, the Company has 1 joint venture, which is Joint Venture PSE-WGE ("Subsidiary"). The Company, by way of subscribing 99.00 percent of, the joint investment initial registered capital, 20 million baht.

The experience and more than 10 years track record of the Company is an indicator of the ability of the management team to supervise and manage the project to be completed timely with engineering standard quality.

Sample of construction service for major project of the Company

Project Name	Employer/Project Owner	Type of Construction	Contract Price (Million Baht)	Service Period
D Condo Karnjanavanich (Hatyai)	Anawat Co., Ltd.	Condominium	848.86	2013 – 2016
Energy Regulatory Commission Office Building	Energy Regulatory Commission (OERC)	Building	577.76	2020 – Current
Atmoz Ladprao 71	Estate Q Company Limited	Condominium	530.33	2018 – 2019
The Fine Arts Department Office Building	The Fine Arts Department	Building	503.73	2016 – 2018
Southern Thailand Science Park Office Building, Prince of Songkhla University	Office of The Permanent Secretary of Ministry of Science and Technology	Building	397.29	2016 – 2019
Atmoz Ladprao 15	Estate Q Company Limited	Condominium	378.50	2018 – Current
Chonprathan Medical Center (Phase 2)	Srinakharinwirot University	Hospital	334.53	2015 – 2018
The Point Condo Laemchabang	Casa Ville (Chonburi 2554) Co.,	Condominium	343.97	2014 – 2017

Project Name	Employer/Project Owner	Type of Construction	Contract Price (Million Baht)	Service Period
	Ltd.			
Metropolitan Electricity Authority Branch Office Building, Min Buri District	Metropolitan Electricity Authority	Building	330.18	2016 – Current
Runesu Thonglor 5	W-Shinwa Company Limited	Condominium	265.06	2018 – Current
Supalai Loft Prajadhipok - Wongwian Yai	Supalai Public Company Limited	Condominium	214.95	2016 – 2018
Supalai Loft Khae Rai Station	Supalai Public Company Limited	Condominium	215.15	2016 – 2018
Somdech Phra Pinklao Hospital	Royal Thai Navy	Hospital	203.03	2019 – Current
Wynn Condominium	Prize Property Co., Ltd.	Condominium	192.30	2017 – 2018
Happy Avenue Donmuang	N.R. Property Co., Ltd.	Department store	187.21	2015 – 2017
Songkhla Hospital	Songkhla	Hospital	157.42	2015 – 2017
Maxxi Condominium	Maximus Estate Co., Ltd.	Condominium	147.13	2017 – 2019
Dormitory Building, Songkhla Rajabhat University	Songkhla Rajabhat University	Building	123.36	2020 – Current
Brown Condo	Estate Q Company Limited	Condominium	129.96	2017 – 2018

Type of construction can be classified as follows.

1. The construction of a hospital: It is the construction of a large building, but it differs from the construction of a general building, that is, an engineering system that requires experience and construction techniques due to the limitations of sanitary standards. For example, the construction of hospitals with clean rooms, research rooms, laboratories that need to control the number of impurity particles and other environmental factors, etc.
2. The construction of a shopping mall or community mall: It is the construction of large buildings. the building structure will be open-plan, but the construction area is separated by department or by the designated sales area with the installation of the building engineering system.
3. Real Estate Works: The company provides construction services for both low-rise and high-rise real estate, including a sales office for the project. Most of the Company's client base is a real estate developer in condominium type. The construction will be divided into residential areas, common areas and utilities within the project, as well as building engineering systems.
4. Office building works: It is the construction of large buildings and separates the area and proportion according to the type of use with the building engineering system
5. Industrial Works: It is the construction of a large horizontal building. With a usable area of not more than 3 floors. It features an open space and divides the usable space according to the needs of the client with engineering system for building construction.

The company has extensive experience and expertise in the construction of building structures. Especially hospitals, office buildings and condominiums, high-rise and low-rise. In addition, the company is also looking for opportunities to bid on other types of events such as hotels, utilities that are in the company's plans to support future growth. Moreover, the company also provides other types of services to enable the company to provide a comprehensive and comprehensive service to its clients such as renovation, interior work, steelwork and pre-cast.

Examples of the Company's major projects

Hospital

KRABI NAKHARIN INTERNATIONAL HOSPITAL



NAKHARIN HOSPITAL



Office Building

SOUTHERN THAILAND SCIENCE PARK OFFICE BUILDING, PRINCE OF SONGKLA UNIVERSITY



THE FINE ARTS DEPARTMENT OFFICE BUILDING



High Rise Condominium

SUPALAI LOFT KHAE RAI STATION



SUPALAI LOFT PRAJADHIPOK - WONGWIAN YAI



Low Rise Condominium

ATMOZ LADPRAO 71



D CONDO KARNJANAVANICH (HATYAI)



THE EXCEL HIDEAWAY RATCHADA - HUAI KHWANG



RUNESU THONGLOR 5



Department Store

HAPPY AVENUE DONMUANG



3. Benefits

– NONE –

4. Marketing and Competition

4.1 Competition Policy and Strategy

1) Experience of management and engineering team

With the determination of the management and the engineering team of the Company who have accumulated experience and expertise in construction business for more than 10 years by adhering the principle of working on customer satisfaction and construction standards. Together with ability to deliver work on time, it is a key factor of the Company's reputation to be widely recognized. Additionally, experience of the Company's management and engineering team is foundation of the Company to be able to plan and control construction process more accurately and precisely, which directly affects the proficiency of cost control. The Company's policy is to keep improving and strengthen all employee potential at all levels.

2) Well known reputation and portfolio

The Company's reputation is acceptable with respect to quality of construction and ability to deliver on time. As well as the provision of after-sales service and built strong relationships with suppliers and customers. The quality and success of construction projects for both public and private sectors, such as The Fine Arts Department Office Building, Southern Thailand Science Park Office Building, Prince of Songkhla University, Chonprathan Medical Center (Phase 2), Condominium project both low rise and high rise in Bangkok, surrounding area and district area, as a result, the Company has been trusted by customers to be invited to bid for new projects and also introduce the Company's services to new customer as well. The company, also pays attention to the quality control of construction, has set up a system of auditing quality control under the quality management system based on international standards ISO 9001: 2015. To ensure that all employees know their duties and responsibilities in their daily operations, through procedures and policy.

3) After sales service

In order to meet the requirements of customers as much as possible, not only the diligence of the engineering team that focuses on the punctuation and quality of construction work, after sales service is another important factor that will affect customer satisfaction and impression, then root a repeat service and word of mouth in the future. The Company therefore established an internal unit called "Well Care" to be responsible for improvement or modification work which may happen after the work was delivered to the project owner. The service period is as stipulated in the agreement. For the reason that after-sales service is regarded as a very important segment of the company. The company has therefore developed an after-sales service program to be used as a database for the Company's future construction development and delegate in charge person solely apart from the main construction section, this will help build specialized expertise with staffs responsible for detecting faulty construction work and can find solutions more efficiently and quickly.

Outstanding After-Sales Service Contractor Award from Sansiri PLC.



4) Implementing information systems to assist in the administration

The Company has implemented an information system to support in management. ERP (Enterprise resource planning) is used to enhance the overall management and reduce redundant work. The system is use to monitor and control procurement process and budget cost of the project, so that executives and project managers stay informed on all construction progress. It also allows the engineer to control the withdrawal of materials for each project according to the plan and also centralized purchasing system with clear scope of authority of approval procedure, bring about efficiency and effectiveness of the internal control. The system also helps supervise construction progress and act as a communication channel between the management and the engineering team to recognize problems that arise throughout the project period and be able to take corrective action in a timely manner.

5) Financial strength and good relationship with financial institutions

Construction business It is a business that need to use credit line to guarantee every step from the submission of a bid, entering into contract, construction process up until delivery of service complete. Therefore, some contractors, who are financially unstable, often have problems with financial institutions in requesting a letter of guarantee that making them under no circumstances be able to deliver work on time or complete the construction of the project. However, the financial status of the Company, compliance with strict condition financial institutions, help reduce problems and difficulties in obtaining a credit limit for future contract requirements.

4.2 Pricing policy

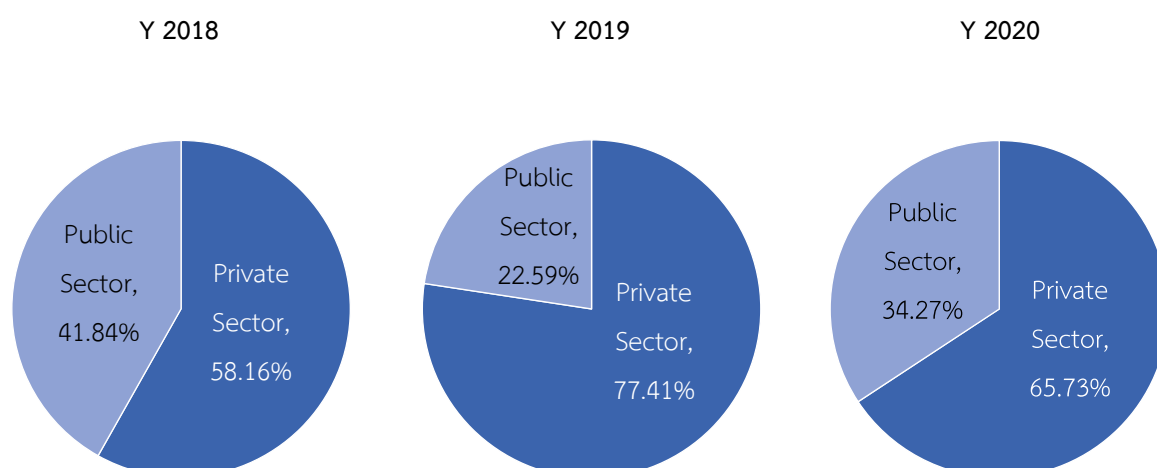
The Company's pricing policy for participation in tenders / bids to the project is based on the estimated cost of the construction project, which will be analyzed and evaluated the use of materials and labor for the construction from BOQ – Bill of Quantities. The estimation department will check the completeness of the design and elementary information consisting of (1) raw materials, which can be estimated from the functioning area of the project plus main equipment with high value. (2) labor costs,

which are estimates of wages and labor procurement costs over the time expected to be spent for the construction of a project. (3) other costs that affect the construction costs of the project, for example, the salary of engineers and staff involved in the construction, depreciation, utilities, etc. In cases where a project design is more complex or unique, the Company may employ third-party experts to assist in the drawing and cost estimation, in order for the Company to estimate most precise cost of construction, then add profit margins according to the Company's policy. The management will consider an overview of the business opportunities, characteristics of each employer, current market price of similar work. In order to be able to compete with other bidders / bidders, in the event that a price adjustment may be required for the auction or taking new project, adjusted price will be considered and approved by pecking order of authority of the Company.

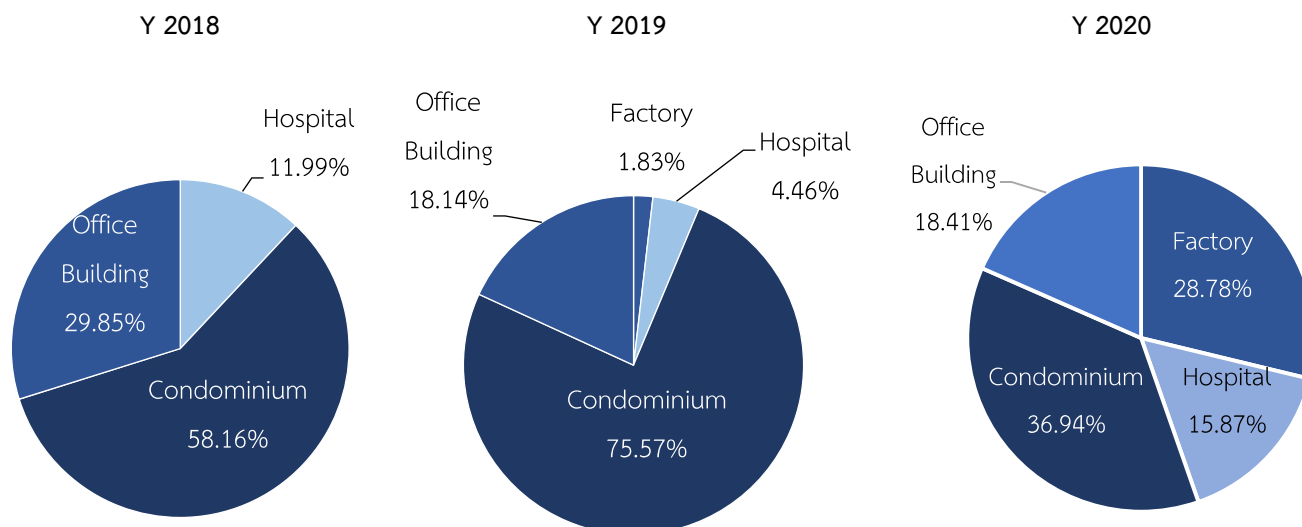
4.3 Target customers and distribution channels

The Company's target customer groups can be divided into 2 groups: private sector and public sector. In 2018 - 2020, the Company had revenue from private sector client accounted for 58.16 percent, 77.39 percent and 65.73 percent of its revenue from services of the same year, respectively. However, providing service for private sector clients has a greater margin and there is no need to reserve a large amount of cash, due to longer payment terms of public sector clients that can be longer and more conditional than the private sector, but the Company has a very low risk of not receiving payment from public sector clients compared to private sector clients. Therefore, in order to lessen the risk from industrial conditions and the management of private sector clients, the Company tries to maintain the proportion of public sector clients that the management assesses as appropriate to the market conditions and the Company's financial proficiencies.

Revenue of the Company proportion by client sector



Revenue of the Company proportion by type of construction



Most of the private clients' contractor recruitment is auction price. Clients will consider contractor qualifications based on their industry reputation, experience, and past performance as well as the status and financial security of the contractor. Clients will only invite specific contractors to participate in the auction. Therefore, the company has always been focused on creating an impression on its clients and partners with the quality of work, on-schedule delivery, and excellent after-sales service to satisfy clients until they trust the work of the company and do not hesitate to work with the company in the future. In addition to maintaining relationships with existing project owners/employers, the company endeavors to maintain good relationships with project consultants and other project stakeholders to serve as another communication channel for introducing the Company's services to other clients further.

The private clients' contractor recruitment will be procured through the Comptroller-General's procurement system through e-Bidding. The Company's counterparty will be the government agency that directly owns the project. However, the construction service of government projects is limited in the payment period as mentioned above. Therefore, the company is necessary to reserve a large amount of working capital for the construction of government projects. Based on the business plan for the next 3-5 years, the company estimates that the company has the ability to manage working capital in its business to be sufficient to expand its scope of work.

Sample of trusted client

Private sector client



Public sector client



4.4 Potential project selection

The Company's Contract and Auction Management Department will find and monitor news of the auction for private projects from sources such as newspapers, websites and information from the Company's management along with recommendations from clients or partners who have been impressed with the service of the company from working together in the past. The company is committed to maintaining and improving the quality of construction work to meet the standards and meet the objectives of clients on a regular basis including relationship building and helpful counseling. These factors will play a critical role in the client's project contractor selection decisions.

For the policy in selecting the project, the company will mainly focus on bidding from the individual project owner. However, in the event that a large project exceeds the company's capacity or it is a project that requires a specialization that the company has never worked with before. The company is pleased to consider taking a job as a subcontractor or "JV - Joint Venture" with partners who have already considered having experience, reliability, and quality of work within the framework of the company policy and workflow's manual.

In addition to considering the employer / owner qualifications for important matters, for example financial status, History of management and past work practices, history of payments to contractors in the

past, especially to private sector clients, the company must also consider the company's internal readiness before joining a new auction. Such as the availability of personnel, the number, and expertise of the workforce, other business opportunities that may be lost from participating in the auction, the minimum profit margin according to the company's employment policy. This includes the adequacy of working capital for the projects that are under operation and those that are expected to be undertaken in the future to prevent the risk that may affect the quality and standards of the construction of the company.

5. Procurement of products and service procedures

Before accepting work

The pre-process of the company consists of searching for construction work from various sources, price appraisal and auction process.

1. Contact for employment

Most construction hires are on a bidding basis, with the format and conditions that differ between government and private employers. Government agencies will procure contractors through the Comptroller-General's procurement system with e-Bidding. The Company's counterparty will be the government agency that directly owns the project. On the other hand, a private employer may provide general companies the opportunity to participate in a bid, or submit an invitation only to certain companies to participate in the bid. The Contract and Auction Management Department selects private company project bids from multiple sources. Such as newspapers, websites, various media, information from the company's management. This includes introductions from clients/partners who have worked together and former clients who are impressed with the company's service.

After the company has been invited and received the auction information from the client who is private organizations, the department will check the details of the auction conditions and the preliminary construction scope before presenting the management to approve the tender from the project owner. Management will first consider the qualifications and potential of the employer, for example, financial status, company history, credibility of management and business, history of payment of services with other partners coupled with the economic conditions at that time, the ability to accept the work of the company itself in terms of capital, personnel, labor, minimum/expected profit margin as well as business opportunities before deciding to participate in the next auction. In this regard, the approval of such transactions will have the authority in accordance with the Company's approval authority manual depending on the size and value of the project as specified.

2. Price estimation

After purchasing or accepting the bidding process, the Contract and Auction Management Department will summarize the auction details to review and review the conditions to submit information, including the necessary documents, including TOR: Term of Reference and BOQ: Bill of Quantities to Price Estimation Department to verify completeness and accuracy according to TOR. In most cases, before the final bid is made, the project owner may clarify with each bidder to confirm their understanding. The price estimation department and the related department will cooperate with the project owner/consultant to clarify the drawings and construction site. After that, the price estimation department will collect information and documents related to the auction that the company has received after clarifying all the designs in order to estimate the cost and the price that will be used to participate in the auction, to separate the construction designs in detail to be precise. In terms of structural construction, architecture, and building engineering systems for that project. After that, the

prices of materials and equipment are examined for each item using the database of the purchasing department. The purchasing department will reconfirm the price from each supplier. However, in the event that there is a list of materials and equipment that the Company has never used and has never reviewed prices in the past, the Purchasing Department will have to compare prices for that material and further update it to serve as a database for future projects. After that, the Contract and Auction Management Department collects information from each of the parties involved in order to prepare a summary report and prepare the bidding document to be reported to the authorized person for approval in the next step.

3. Job Auction

For government agencies' construction work, there are clearly announced procedures and regulations that require the companies participating in the auction to strictly follow. After the company examines the qualifications and conditions of the bidding according to the specified criteria, which may differ from each agency. For example, the minimum registered capital, the same type of construction work that was previously provided, the history, and the value of taking other jobs from the government sector. The company will bid with attachments. The company has to submit the bid bond as the bond for bidding which will be applied to all types of procurement announcements by bidding methods. Usually, the bid bond is approximately 5% but not more than 10% of the auction value. Likewise, private employers' participation in auctions in the event that bidders are inadequate according to the regulations or there is only one bidder, such tender will be canceled and re-selected or purchased by a special method instead. However, the post-bidding process for government projects is similar to that of private-sector projects.

The period after the bidding date and time specified by the employer / owner of the project until the auction result is known is approximately 1 - 3 months for government work and 3 - 6 months for private work. In order to participate in government bids, the company has to submit a bid. Bond worth about 5% to 10% of the project value. The employer will request the contractor to submit the Bid Bond in case the bidder wins the auction but does not agree on the contract. The employer has the right not to return the Bid Bond. However, in the event that the Company does not win the auction, the employer will return the Bid Bond to the Company approximately 1 month after the announcement of the auction result. In the event that the Company wins the auction and the contract is signed, the Company will receive the Bid Bond back. The company must submit the Performance Bond as promised to the employer instead. The Company will receive the Performance Bond when the final installment of the contract is given to the project owner. After the Company submits the Bid Bond, the Contract and Auction Management Department will continue to monitor the auction results and report to the management.

After being selected and decided to accept the job

The process after the company has been selected by the project owner to be a construction contractor or the company agrees to provide construction services, there must be a written construction contract, document preparation and work schedule and the cost plan of the project as estimated

4. Commencement of work before receiving a contract

After the project owner announces the winning bid and is in the process of preparing and pending the signing of the construction contract, the Company will request the employer to issue a Letter of Intent or "LOI" so that the Company can use the LOI as proof of intent of hiring while waiting for amendment or submission to the authorized person to sign the contract. After the LOI is received by the company, the company will use the budget to prepare the construction site. For example, finding rental areas to camp for workers in order to follow the construction plan or earlier than the planned work plan. The budget will be within the framework of approval granted by the Board of Directors under the prescribed approval power.

However, the issuance of an LOI for entry into operations prior to accepting the contract will only occur in the event that the employer is a private entity. While in the case of the employer who is a government agency, the company can start the construction on the date specified in the contract or upon receiving a notification to enter the area only. It has no LOI issue and charging. It will only comply with the installment conditions specified in the main contract.

5. Preparation and signing of contracts

When the company wins the auction, in most cases, the project owner/employer will be responsible for drawing up the contract and submitting it to the company for review before signing together. Usually, a contract with a new employer or a contract that is different from the previous contract that the company has signed in the past, the company will always send the company's legal advisor to review the detailed conditions specified in the contract first to prevent the risk that the company may lose some content of the contract. After mutual agreement on the contents of the contract, the company's authorized representative will sign the contract and hand over the relevant documents to the project owner.

6. Ordering and control of material and equipment withdrawal

When the project department requests the withdrawal of large machinery / equipment in the construction to the purchasing department. For example, tower cranes, backhoe lifts, passenger / material transport scaffolding. Purchasing department will check the store department if that machinery/equipment is in the central warehouse or not. In the event that the company does not have any machinery/equipment requested by the project department or such machinery/equipment, the purchasing department will propose to the management to approve the lease of such machinery/equipment for use in the new project. When any project has finished using machinery/equipment, the machinery/equipment will be sent back to the central warehouse for maintenance inspection before storage in order to prepare for use for the next project. However, the

store department will collect information on the usage of each type of machinery/equipment. To analyze and compare the cost-effectiveness between the purchase of large machinery/equipment into the company's assets and the lease as needed. And discuss with the management about ways that will generate the best benefits to the company because both methods have different pros and cons. For example, the purchase of machinery has a relatively high cost, which consists of the cost in machinery purchase, cost of moving, storage and maintenance. But the company has ownership of the machines and can take advantage of the machines immediately. Leasing machinery can be less expensive, but there is a risk that the company will not be able to rent the exact machinery when it is needed.

All construction materials are listed in the Material Schedule and BOQ, whereby the Purchasing Department is responsible for bringing the bill of materials required for that project to review the purchase plan to select the material/supplier. Materials/equipment used for construction are divided into

- 1) Products with Special Specification This must be ordered from a specific distributor/vendor only, or has to be approved by the client/ client representative before ordering in accordance with the conditions stipulated in the contract.
- 2) Products for which the client has a list of distributors, the company can select to purchase this type of product only from the distributors on the list of distributors.
- 3) For general products that the client has not specified other conditions, the company will select the seller from the seller list that has been evaluated according to the company's seller evaluation form. In the event that it is a product or a business partner that the company has never ordered before, the purchasing staff will always select and evaluate the products and distributors according to the criteria set by the company to register the company's list of vendors first.

The ordering process for type 1) and 2) products, the purchasing department is required to conduct price examination by submitting details of materials/equipment according to the drawings and required quantities for the construction of that project to multiple vendors in order to Have each vendor offer prices and conditions for purchasing materials/equipment and forward details to the project department for approval While material/equipment type 3) only specified standard properties and can be purchased from a general seller such as rebar, section steel, cement. The purchasing department will compare prices from multiple vendors and make a list of products, list the vendors based on price from low to high, and propose to the purchasing manager for approval within 15 days to send the details of that material list to the project department for approval again.

The process of ordering materials/equipment starts with the project staff open PR: Purchase Requisition and send to the Purchasing Department to check the details of materials in the purchase requisition such as type, model, size, and other details accurately as approved. Including confirming the prices and order conditions of each vendor from the database that has already compared the prices to bargain again then present the information to the authorized person and ask for approval, open PO: Purchase Order. The approved purchase orders are sent to the vendor and the project department to

prepare the shipment/receipt of the goods according to the agreed quantity and time. Each shipment from a supplier will be delivered directly to the project site in the amount expected by the project department for a certain period of time to save storage space and prevent the risk of product loss or damage. When the project department receives the complete purchase order, the purchasing staff will coordinate the inquiries of each material supplier from the project department to evaluate a specific supplier and use the evaluation results to be updated in the company's Vendor List and a summary of the scores for the approval authority to consider before the annual reassessment over a specified period of time. After the construction is completed and the Project Department has handed over the final work to the client, construction materials that can be used for the construction of the next project, such as cement. It will then be returned to the company's warehouse for skill training at the central warehouse or used for construction in the future.

7. In case of addition- reduction of work from the main construction contract

During the construction of the project, the client may wish to change the construction design from the originally stated in the contract, result in an increase or decrease in construction volume since main construction contract. The project engineer must prepare a Site Instruction or "SI" that will show the nature of the work that has changed. After that, the employer will consider the SI before signing the Variation Order or "VO". VO will identify the nature and value of the new job as evidence for further payment of wages beyond the main contract. The aforementioned changes in revenues and costs will be recognized in accordance with the relevant financial reporting standards which may vary depending on each installment of each work.

8. Adjusting construction cost estimate

When the company foresees or receives information that construction changes will occur. Such as a change in the type of materials or equipment or construction drawings, or changes in the prices of building materials. These factors will have an impact on the construction budget. If such changes are due to changes in material prices, the company will immediately update the construction budget for control in the ERP system. However, if it is a change resulting from an engineering change or modification of materials and equipment This cannot happen suddenly as it requires prior approval from the project owner or construction designer. The company will summarize the changes and send them to the client. If the client approves the aforementioned construction changes, the company will update the construction budget in the ERP system to control the construction budget immediately. Such information will be updated to be sent to the accounting department for accounting records at the end of every quarter.

The approach to budget adjustment in the ERP system starts with the project department making a budget request when it finds that the construction budget is inadequate, or is likely to be insufficient or unused. The cost control department will then edit the budget on the ERP system and print the document from the system to propose the managing director to sign, after that it will allow the system for the users ("User") to use the budget requested in ERP by changing project construction cost estimate. Whether it is decreasing or increasing, every item has to be approved by the managing director.

9. Labor allocation

The Company mainly uses labor recruitment through recruitment brokers and outside subcontractors. In other words, the company will enter into a contract for hiring foreign workers through an agency for importing foreign workers, which acts as an intermediary in recruiting workers according to the MOU agreement. The Company has a policy of continuously evaluating labor recruiters to compare the qualifications, conditions, prices, and labor quality of each broker.

The labor recruitment process starts with the company's labor-management staff selecting workers at the country of origin that the brokerage firm has prepared. To obtain labor that is suitable for the nature of the construction of the company and to prevent the risk of work escape or inefficient labor, which is the learning from the mistakes in the past that the company did not select the labor itself. For this reason, some foreign workers fled due to foreign workers provided by the brokerage firm with no experience, basic knowledge, or may not want to work in construction. However, when qualified foreign workers arrive in Thailand, the company will proceed with the steps as follows:

- 1) Register them as company workers, health checks, a fingerprint scanner as a database for calculating working hours, and receiving company uniforms.
- 2) Clarify details about the rights, benefits, wages of the company that workers will receive and explain the company's absence policy/practice manual that workers are required to follow.
- 3) Training on construction safety such as:
 - a. Site Safety - Construction site, surrounding area, storage of materials and tools.
 - b. Safety in the use of machine tools - method of use, selection of appropriate equipment/tools/machines according to the type of work.
 - c. Personal Safety - Dressing, protective equipment, safety, and operational behavior
- 4) Classify labor by job type such as cement work, wood work, tile work.
- 5) Training on construction work according to the curriculum.
- 6) Performing actual work according to the company's construction project.

The company will use the outsourcing of labor in case the foreign labor force under the Company's MOU is insufficient to meet the demand for a certain period of time. The company will evaluate and prepare an external contractor registration as well as a vendor registration as a database of the company.

When the service is completed and the final installment is ready to submit.

10. Work submission

Throughout the service period, project management departments, supervisors and officers of each department will jointly manage, supervise, ensure the construction work progresses according to the plan. In addition, the project department will prepare a construction progress report according to the service scope specified in the employment contract, project cost movement and other important information generated in the project for regular reporting to management as well as sending information to the employer/project owner at each stage of completion of the work as specified in the contract. The

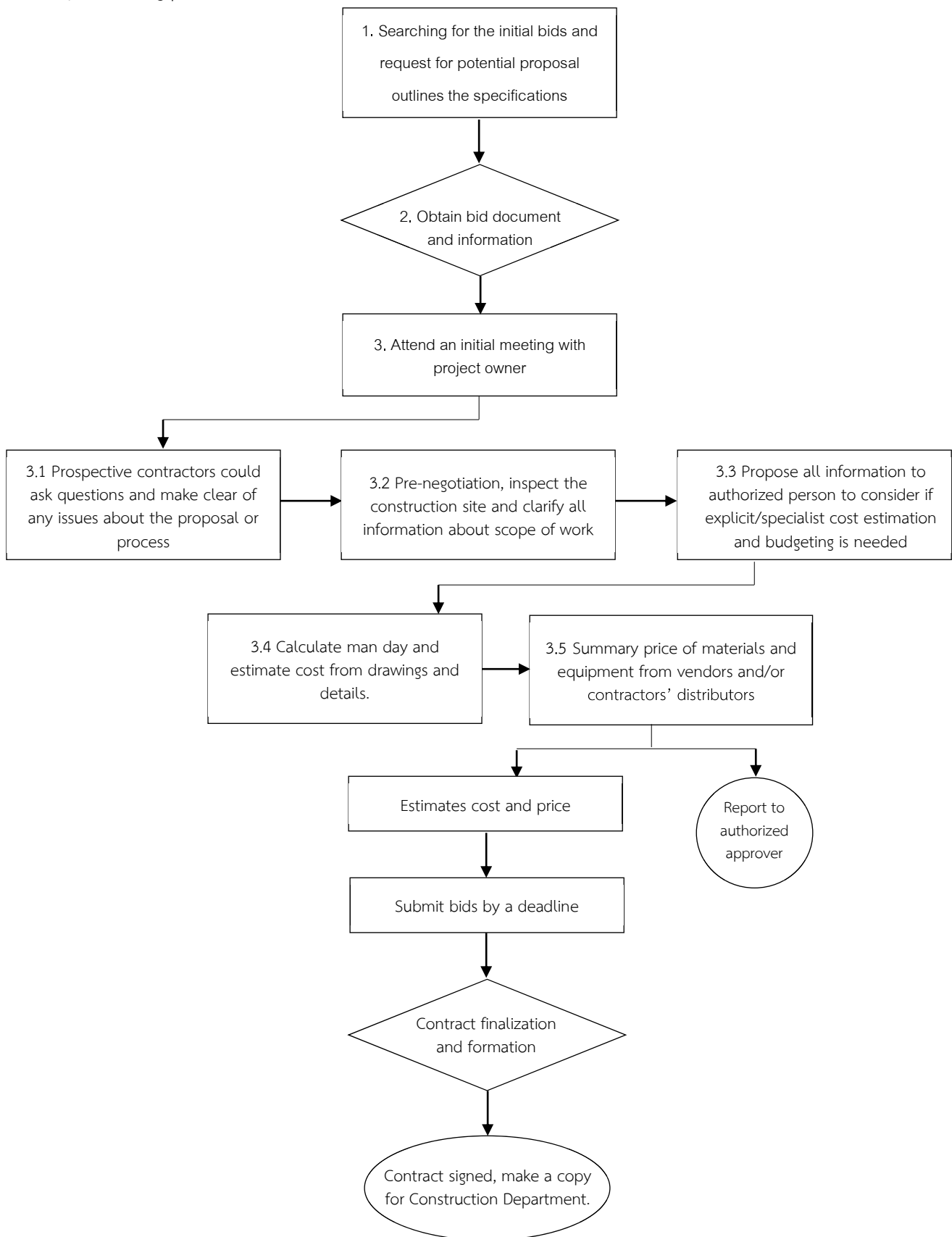
project department will send a construction report together with attachments such as photos showing the construction progress, a letter of acceptance from the project owner/representative of the project owner to the accounting and finance department for invoicing. For the final submission, the project department will need to submit additional documents in addition to the regular delivery, including as-built drawings, test results of various systems, operation manual, and warranty card. However, after the final delivery of the work, the company will issue a letter of guarantee in exchange for the work insurance deducted by the employer under the contract from the payment of service fees throughout the service period and return the letter of guarantee for the works provided before the beginning of the project.

11. Providing after sales service

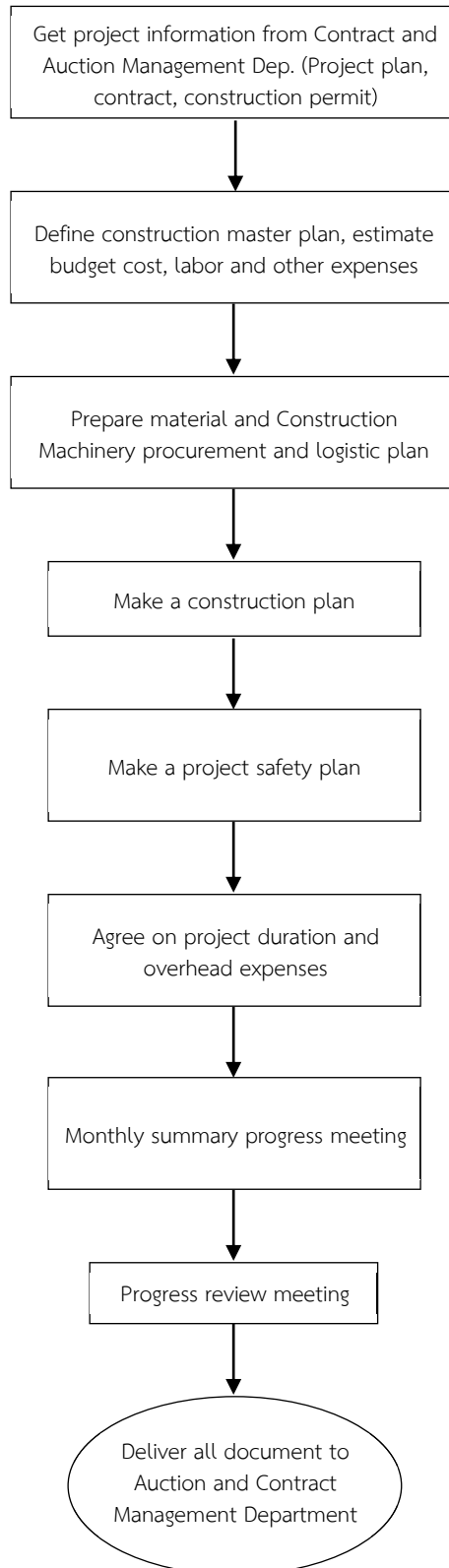
The company has an after-sales service department to take care of the client during the time the company delivers the final installment until the end of the contractual performance insurance period. The scope of the remediation/ repair liability will be reviewed as specified in the contract to ensure that the work submitted by the project owner for remediation/ repair is within the Company's responsibility, as well as the expected cost estimate. It is used to provide services for each project in the same way as estimating construction costs by relying on the Company's past project remediation/repair information to control such remediation/ repair costs. The process of providing after-sales service of the company is as follows.

- 1) The coordinator is notified from the client via the company's contact channel and examines the duration, details and conditions of the guarantee.
- 2) In the event that the items notified are within scope, conditions or warranty period, the coordinator will notify the client in writing to clarify such cases.
- 3) In the event that the listed items are in the company's warranty terms, the officer will check the warranty terms under the contract of the supplier and/or Company subcontractor. If it is within the said contract term or condition, the officer will coordinate with the distributor and/or subcontractor to formulate an entry plan for further submission to the authorized person. If the item is not within the contract term or condition of the supplier and subcontractor of the company, the officer shall calculate an estimate of the cost of correcting/repairing the defect in the work and submit it to the authorized person. In order to purchase, hire and notify the client to make an appointment for the date and time.
- 4) After completing the amendment / repair, the officer must provide a written delivery letter for the project owner / attorney to review and sign as evidence for reporting the results to the project owner.

Project bidding process



Construction process



6. Backlog as of 31 December 2020

NO.	Project Name	Start year	Finish year (tentative)	Contract Price (Million Baht)	Revenue backlog (Million Baht)
1	Energy Regulatory Commission Office Building	2563	2565	577.76	486.10
2	The Development of The Patient Health Promotion Building, Panyanunthaphikkhu Chonprathan Medical Center (PCMC)	2563	2565	142.88	142.19
3	Dormitory Building, Songkhla Rajabhat University	2563	2566	123.36	117.58
4	Supalai Loft Prajadhipok - Wongwian Yai	2562	2564	214.95	103.07
5	Construction and improvement of the medicine packing and storage area, Mass Production Building, Plant 6 and washing-drying area of The Government Pharmaceutical Organization	2562	2565	58.10	54.10
6	The Excel Ratchada 18	2562	2564	226.34	53.88
7	Dam improvement for Suvarnabhumi Airport officers' residence	2563	2564	41.95	17.47
8	Construction of drainage system and soil protection to prevent soil leaching water and erode the foundation of the Southern Thailand Science Park Office Building, Prince of Songkhla University	2563	2564	24.99	10.05
Total				1,410.33	984.44

7. Research and development

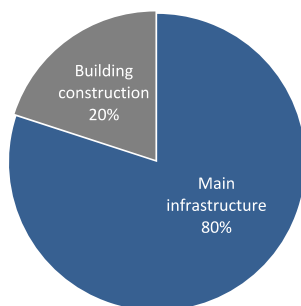
- None -

Overview of Thailand economy and industry situation

Industry situation

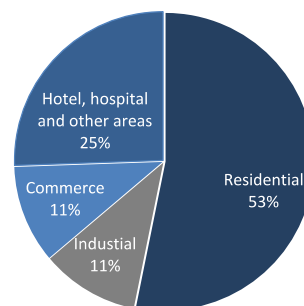
Industrial structure of construction in Thailand can be divided into two major groups which are government and private sectors. According to the report The Office of The National Economic and Social Development Council and Krungsri Research Center, the ratio of domestic construction between government sector and private sector is 53:47. Majority of the investment of government sector is in main infrastructure, about 80 percent of total value. 20 percent is in government building construction. Contractors for main infrastructure work must demonstrate good financial status, have expertise and specialized in multiple areas. This provides good opportunities for major contractors while medium and small contractors can be sub-contractors. Quantity of government construction work each year depending on the government policy. Currently government is heavily focusing on developing infrastructure which provides great opportunities to the company who is a medium size contractor. About 50 percent is in residential construction while about 10 percent is in industrial, 10 percent in commerce and 25 percent in hotel, hospital and other areas.

Government sector investment structure



Source: The Office of National Economic and Social Development, Krungsri Research Center

Private sector investment structure



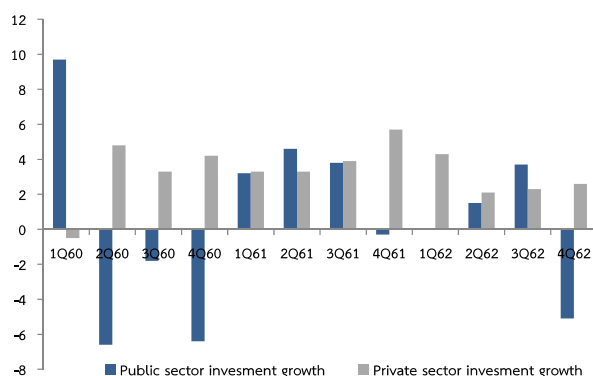
Source: The Office of National Economic and Social Development, Krungsri Research Center

With the good track record of the company and experienced engineering team in multiple sizes and types of projects, the company has good opportunities in providing construction services to government and private sectors.

There is an expansion of 2 percent of construction business in 2019. The expansion of government sector is 2.40 percent while the private sector is 1.40 percent. The main contribution in government sector came from some major constructions e.g. Green Line (Morchit-Sampanmai- Kukhod), Orange Line

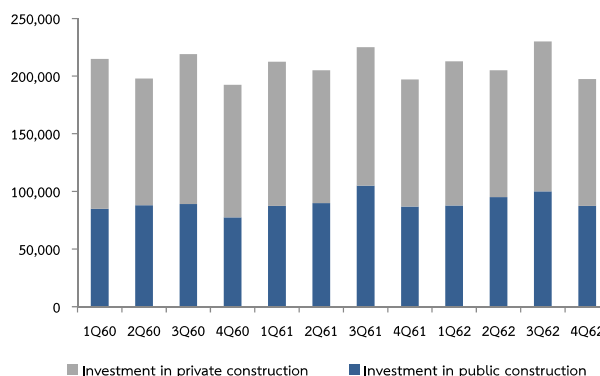
(Cultural Center-Meanburi) and double track train line. The expansion of private sector was in residential, office buildings and factories. Major constructions were from the construction in Eastern Economic Corridor (EEC) and major hotel constructions in Bangkok area. While construction in other areas have been decreasing.

Public and private sector investment growth (%)



Source: The Office of National Economic and Social Development, Krungsri Research Center

The investment in public and private construction (million baht)



Source: The Office of National Economic and Social Development, Krungsri Research Center

Krungsri Research Center anticipated that the construction business will expand about 5.00-7.00 percent in 2020, 7.00-8.00 percent in 2021 and 6.00-8.00 percent in 2022 according to the investment in infrastructure from government. There are 17 projects that that were approved with total budget of 681,190 million baht for construction during 2016-2023 and many projects are scheduled to be completed and operated in 2021-2022. This will accelerate the payments e.g. Pataya-Maptaput motorway project, Lopburi-Paknampo and Shachengsao-Klong19-Kangkoi double track train project, Red Line electric train project, Pink Line electric train project and Yellow Line electric train project. There was also an increase of 18.9 percent of government budget for 2021 compared to 2020.

Treats of construction investment of private sector in 2021 is slowly recovered as a result of overall economy, infrastructure investment from government and the investment promotion policy for private sector. Construction in industrial area of private sector is improving as a result from EEC project, also some other major real estate development e.g. One Bangkok and Dusit Central Park. There is also a decrease in some real estate construction projects due to LTV(Loan-to-Value Ratio) measure, many developers try to sell stocks and prolong development in new projects. Coved-19 also impacts the confidence of customers.

Competition

Construction business is a very competitive business because small and medium players can enter market with competitive prices especially in building construction area which is the main business of the company. However; to be qualified for tenders in government sector, there are certain rules, regulations and conditions which vary from one department to another e.g., minimum registered capital, track record and value size of previous government projects. Therefore; there are quite a few challenges for new comers to get into government sector. The company also has good selling points for private sector e.g. professionalisms, good quality work, punctuality and good after sales services. The call has tremendous expertise and relationships with business partners, developers, project consultants and distributors which create competitive edges for the company.

Other than competitive edges mentioned above, the company has advantages in southern construction business because various construction projects in that area. There are very few local contractors in southern area that have the capability similar to the company. The company also specializes in some particular areas e.g. hospital construction, factory with sterile room and laboratory. The company also provides services in other areas e.g. hotel and factory. With technology and construction experiences in the past together with new added value services, the company is ready to expand customer base and be able to sustain the competitiveness in the market.

Contractors who have similar capacity to compete with the company are as below.

Operating results of entrepreneurs operating similar businesses in 2019 sort by revenue

No.	Company	Total revenue (million baht)	Asset (million baht)
1	JWS Construction Co., Ltd.	6,871.83	5,250.62
2	Visavapat Co., Ltd.	5,364.32	5,553.36
3	T.T.S. Engineering (2004) Co., Ltd.	4,683.19	2,395.09
4	Pre-Built PCL.	4,293.32	5,947.56
5	Pornpranakorn Co., Ltd.	2,617.35	1,466.18
6	Teka Construction PCL.	2,435.15	1,297.36
7	Koranit Construction Co., Ltd.	2,073.68	1,777.15
8	UWORK999 Co., Ltd.	2,123.41	1,460.90
9	T. Peeragrach Co., Ltd.	1,551.68	543.96
10	Well Graded Engineering PCL.	1,491.66	630.95
11	Building 33 Co., Ltd.	1,279.86	1,147.79
12	JeeraThana Korsrang Co., Ltd.	1,079.54	429.87
13	Hadyai Suppakit Construction LTD., Part.	800.41	667.62

No.	Company	Total revenue (million baht)	Asset (million baht)
14	J&K Group Engineering Co., Ltd.	751.59	337.93
15	Kongman Mechanic Ltd., Part.	243.06	925.94

Source: Business Online (BOL) / Ministry of Commerce

Risk Factors

Risk factors in company operation that may have the impact on the overall operation and financial position of the company including the return on the investment in ordinary shares can be summarized on below

1. Risk from the inaccuracy in the estimation of the construction cost

Usually when the company enter into bidding or accept job, the company will prepare construction cost which consist of quantity, price per unit of raw material and labor cost (BOQ). The company will then add the initial profit to the construction cost before submitting the total price. If the company does not have a good process in preparing and checking of BOQ that results in miscalculation or price is lower than the actual cost. That will have direct effect on company operation. The inefficiency in the construction cost estimation will also affect the overall image of the company operation including the decision in future project. If the cost estimation is too high, the company will not be able to compete with other companies and the cost estimation that is too low, the company may get the work but profit margin will be lower than company policy.

The company realizes this risk. In order to avoid the situation when the construction cost is higher than the company cost estimation, the company has developed guidelines in doing the construction cost estimation. Experienced process in charge in the appraisal department will thoroughly study construction cost details of the previous projects of the company. Examples of important details include construction drawing, negotiated prices with vendors and labor cost. The above information will be taken into account when developing BOQ. The management will meet and analyze the information with related departments to finalize the BOQ. By using the process mentioned together with a tight cost management will efficiency reduce the risk in the estimation of the construction cost.

2. Risk in the limitation of accepting projects and the discontinuity of income

Construction contracts will indicate the starting date and ending date clearly by written document. Contract will specify the date that the company can start the work and the completion date including the delivery date to the project owner. In practical, there might be some situation when extending the construction time might be necessary for example project owner needs to make some adjustment to the construction drawing that cause some demolition or some addition to the original contract. In case where more construction time is needed which affects the capacity in accepting new projects and the income estimation of the company since the company can realize the income upon the completion of work. Another risk that may limit and causing the discontinuity of income because of the above circumstance is the company cannot enter into a new bidding as plan. Reasons could be company cannot compete on price or the limitation in taking new projects because of the current project require more construction time. This will affect the number of head counts that were planned which will have direct effect to the company operation.

The company has established guidelines that will reduce the above risk by having a Business Support Group to plan and review income and develop bidding plan at least 6 months ahead. This plan will be used by the management team to analyse and manage number of bidding and new projects

including head count planning. One of the advantages is that the company has been in various construction projects such as office building, low and high rise condominiums and other specific construction like hospitals. Quality and portfolio of the company has been well accepted by money customers and for that the company has been invited to enter bidding continuously. In addition, the company constantly follow the announcement of bid and study cost of previous projects to develop database for pricing proposal of new projects.

3. Risk from the price fluctuation of construction materials

Price fluctuation of construction materials is another risk that has direct effect to the construction cost especially with private sector where the company has to responsible for the risk when the price of construction material increases after contract has been signed. For public sector, as specify in the bidding condition as price can be adjusted. The company will receive compensation for the price differences between the bidding date and delivery date if the company operates according to the conditions, guidelines, types and job description that are specified in the price adjustment contract. The company may not be able to demand for compensation if the difference of material prices has been value than specified in the contract, except there due amendments in the construction plan as indicated in the main contract. Examples of main contraction materials are steel and cement. It the cost of construction materials increase and the company cannot manage of negotiate with material vendors, it will have direct effect to company operation. The Trade Policy and Strategy Office of Ministry of Commerce indicate that price of domestic cement and related products has low price fluctuation comparing to price of steel and steel related products. One of the main reasons is the domestic cement capacity is not fully utilized and price have been controlled by Ministry of Commerce. While price of steel and related products have higher fluctuation because most of new materials are imported and thus prices usually are valued according to the cost of some major parts as much as oil price, iron price and sea freight.

The company manages the fluctuations by setting prices in advance with suppliers for fundamental materials and especially steel and cement. This process will protect the price fluctuations that might incur. In some situations the company needs to use a lot of construction materials for multiple projects at the same time, the company will negotiate for volume discount. By doing that will increase the negotiation power and help company to manage the right cost for each project. It also helps the co to control and manage cost more effectively. Purchasing department also studies trend of construction materials continuously in order to be able to provide the adequate information to the management and determine the purchasing guidelines in the future. Management also consider other related factors e.g., storage, maintenance cost and most importantly the possibility in utilizing the materials in a near future that can affect the overall cost. These factors will be used in management decisions for ordering construction materials.

4. Risk of not being able to complete the construction according to the original contract because of misfortune the company

In general contracts with customers will specify the fine amount in case the company could not deliver work on time without reasonable incidence. Usually, the fine amount will specify certain numbers the company has to pay to customers daily since the day that work should be completed. The rate will be in the range of 0.05-0.10 percent but not exceeding 10 percent of total contract. This risk of not being able to deliver work on time causing from the mistakes of the company not only effects the company

monetarily but also causes negative images of the company and the overall operation. The delay in construction also increases the expenses in construction and headcount planning for future projects.

The company well realized this risk and has been doing improvement and development of the operation. The company has achieved ISO 9001:2015 from UKAS which emphasizes on quality assurance. The company has a systematic process, training and meeting among heads of construction engineers to inform and improve operation processes regularly. In case there is a delay, concerned parties will take charge in time. ERP (Enterprise Resource Planning) has been implemented so that status of construction can be checked on time. In case there is any other factors that could affect the operation plan, the company will communicate with working partners to determine the causes and extend the operation time immediately. However the company has never faced any delay in construction that caused penalties.

5. Risk for the changes in government policy

Income of company during 2018-2020 came from government sector 22.61 percent, 23.47 percent and 34.27 percent accordingly. Changes in government policy, spending budget and stability of the government may impact the quantity of new tenders including the delay payment by the government process which may not be in line with the work completion. Changes in laws especially the minimum hour rate and the control of foreign workers according to the Emergency Decree on Management of Foreign Workers' work 2017 and the amendment that might change in the future. This will have the effect on the cost management of the company because most of the workers are foreign workers. Changes in the regulations of the foreign workers might increase the cost of the company or not being able to hire more enough workers. During 2018-2020, the company had foreign workers of 454, 638 and 325 persons. In addition, changes in government law might affect the operation e.g. Loan to Value (LTV). LTV measurements from the Bank of Thailand came into effect since April-1,2019. This LTV measure causes the decrease in condominium market which indirectly impact the company because some of the customers are condominium developers.

However, those government projects that contracts have been awarded or being implemented, budget from the government has already been allocated. Even the payment process from government may take time but the risk of not getting paid is very low. The management of the company follow and study the measure and direction of give that might impact the com operation so that certain preparations can be utilized immediately. The company also has labor management team that taking charge of workers recruitment, contacting government departments, training and development including looking after employee welfare according to the government policy. Management also follows and study rules and regulations for foreign workers, the Enhancement and Conservation of National Environment Quality Act that relates to the application of construction permits. If there is any changes, labor management department will research and report to the management and set meeting among related parties immediately in case that could impact the operation of the company.

6. Risk of engineering department

It is necessary to utilize the specific knowledge and capacity of personnel's in construction business to manage and control the construction cost especially those engineers who at the level of Project Manager(PM) and Project Engineer (PE). These persons play important roles in managing and controlling projects. If company loses these persons, it may impact the capacity of the company in getting

more projects and operation. By December 31, 2020 there are 4 project managers and engineering team of 83 persons.

The company focuses on the development of engineers supporting them to acquire more training and do site visits to improve knowledge in technology and current construction techniques. The company also provide operation manual that will help staffs to perform using the same standard procedures which is also helpful for new comers. The company also implements a fair human resource management, fair and systematic compensation and incentive measures that could compete with the industry. The company is confident that the above measures will help reduce the risk of scarcity and dependence on engineers.

7. Risk from the scarcity of workforce

Construction business requires a lot of labor and usually would lack of labors during holiday seasons e.g. New Year and Songkran Festival. During long holiday periods if there are a lot workloads, company may need to pay special compensation in order to motivate workers to work during that time or works may get delayed. By doing that, construction cost might be higher than the initial estimation.

In order to protect the risk from the scarcity of workforces, the company will plan number of required workforces ahead of time. Each plan number of workforces will be specified in details for each construction type. Skilled and unskilled workforces will be planned for each project to make sure that there will be enough workforces during each construction period. The company also has agreements with recruitment agencies that they are responsible in providing enough workforces throughout the construction periods. The company also has labor managements department that takes charge on this matter specifically. This labor management department will collaborate with recruitment agencies to bring in foreign workers, screening, communicate with government department, conduct training, provide accommodation and look after fringe benefits to all workforces according to the rules and regulations of Thai law. Also in order to protect the problem of brain draining of skilled workforces, workforce department has been working with training department to continuously developed potential workforces. The company never have problem in scarcity of workforces before.

8. Risk from the safety of construction

The company gives priority to the social and environmental issues. Safety department looks after safety and environment both inside and surrounding construction sites so that there will be minimum impact from construction activities. If there is any accident that impact surrounding communities in terms of fatalities, asset damage or environmental issues such as noise pollution, dust or damage to residential areas and buildings, the company will get complaints or claims and that will impact the image and reputation of the company.

The company has been applying strict safety measures continuously by creating awareness to all employees especially for those to work on sites. Safety training has also be conducted regularly. Safety insurance within the company will cover loss for unforeseen cases. If there is any complaint, company will explore and settle it immediately.

9. Risk from the pandemic of COVID-19

The pandemic has immense impact to society and economy. ADB estimated that that COVID-19 has caused damage to Thai economy about 5.6 billion dollars or 1.11 of GDP. This pandemic created

direct impact to tourism industry, hotel industry and manufacturing. It is also indirectly impact the consumer spending and thus impact private developers to stop or postpone their construction projects especially in those condominium developers. The pandemic also has immense impact in the buying power of real estate sector. Some developers have liquidity problems which may delay or postpone payment to the company. A competition new tender for new projects is very heavy because of the decrease in number of new projects. If there is any infection of Covid-19 on construction sites or workplaces, company may have to stop or postpone construction work and that will increase the cost to be more than the initial budget.

The company has well realized this risk and implemented measures to handle this pandemic by setting many policies e.g. increase the frequency of company cleaning, provide alcohol gel to employee and related personnel, temperature checking before entering work places, prepare camping for back up workers and establish back up guidelines in case of emergency crisis. In the situation where there is an infection, the company will allow those infected persons to rest until they get cured in order to reduce the chance of spreading the company also communicate and meet with customers regularly regarding now to handle the pandemics construction sites in order to reduce the impact if postponement is needed. The company also adjusted operation strategy by focusing on getting more work from the government sector in order to reduce the business risk especially condominium which demand has been declining.

10. Risk the uncertainty due to changing or amending or adding to the original contract

Upon the announcement of the tender winning and getting ready to do contract signing, the project owner will insure the letter of intent(LOI) to the company to confirm the intention of the award while waiting for some amendments or signature from authorized person. After receiving LOI, the company may start preparing construction site eg. working on camping for workers. In order to make certain that the constitution will be completed on time or earlier, the company will have the risk of preparing this ahead of time prior to contract signing. In case where the contract does not get signed, the company may not be able to get reimbursed. During construction period customers may need to change or amend or add some work that does not include in the original contract. In practical, the company will start on the changes or amendments or additions before contract or conditional document are signed. In doing so, the company will have to bare the cost that is more than the original contract until additional contract or confirmation documents are signed. While waiting for the documents to be approved and signed, some negotiations with lower margins might take place which will lower the profit margin.

The company has strong intention to complete and deliver work effectively on time in order to maintain or develop trusting relationships with customers which will be helped in the negotiation process. However before starting the changes or amendments or additions, engineering department must get Site Instructions (SI) from customers SI will be used to communicate and prepare reports that indicate the required work from customers for mutual understanding. Cost will be communicated by referring to previous contracts and this will be used for issuing PO and payment. The company will also indicate the amount that might be incur for the work before getting the approval from the customers. This is to limit the risk that the company may not get compensated for the work or get squeezed during negotiation process to level which the company cannot agree. All of these are done so that construction can continue smoothly. The above process must always be agreed and approved by authorized person as indicated in the authorization letter.

11. Risk of delay payment

In construction business, payment from customers will be indicated in the contract which usually will base on the completion of each work step. In case when the company could not get paid on time, the company will have to bear the cost and expenses during waiting period. The main reason of delay payment in private sector usually comes from the delay or complication in the inspection process by project consultants or project owners while in government sector the delay involves the budgeting process which is not correlated to the completion schedule.

In order to reduce the risk, the company will consider the quality and financial status of customers prior to entering tenders. After contracts are awarded, the company will strictly follow conditions in the contract to avoid or reduce complications if there will be any dispute. The company will schedule appointments with customers prior to the completion so that customers can manage time efficiently both for inspection and payment.

12. Risk on dependence on main management

Main management team consists of those who jointly established the company since day one which are Mr. Kraingsak Buanoom and Mr. Vayu Tongpoon. They are experienced and reputable business persons. They have gained trust and good relationships with customers for many years; therefore, if there is any change in this main management, the company might get impact in the operations.

The company realized this risk and has established strategies to reduce the risk by implementing succession plan and talent management. Successors have been identified and developed by attending multiple training interventions. The company also pays good compensation to employees in order to motivate them to work hard for advancement. By doing so, this will reduce the dependence on current main management and create sustainability in the future.

13. Risk on major shareholders

Major shareholders of the company are Buanoom family and Mr. Vayu Tongpoon which hold a total of 457,600,000 shares or 76.27 percent of paid capital. If these shareholders vote in the same direction, they can control the resolution of shareholders meeting except those matters that specify by law or by company regulations which require majority vote of 3 in 4 in the shareholders meeting. It will be impossible for other shareholders to collect enough votes in order to inspect or balance the power that major shareholders nominate.

The company realized this risk and has appointed 3 independent committees from a total of 8 committees. Currently all 3 persons are audit committees who will audit operations in order to balance the power of the management to some degree. All these audit committees are independent, experienced and well educated which are capable to protect the interest of minor shareholders. In the situation where the committees decide to perform or not to perform any matters, the committees have the policy to operate by protecting the interest of the shareholders. If the company needs to have some transactions with persons who may have conflict of interest, the company must follow the approval process rules and regulations of the SEC board. Persons with conflict of interest cannot vote for such transactions.

14. Risk from the limitation of shareholders to purchase new ordinary shares in the future

For public company, it is not necessary to propose new ordinary shares to current shareholders but sometimes issues different kinds of bond including ordinary shares e.g. warrant or Transferable Subscription Right or Convertible Bond. The company may allocate to the current shareholders by shareholding proportion. In case the company proposes or allocates the right to shareholders in purchasing the ordinary shares or other rights, the company has the right to propose but may not offer the right to shareholders outside of Thailand. Under Thai law, the company is prohibited to propose bonds to some countries unless the company follows relates procedures e.g. The company cannot offer right to shareholders who are U.S. citizens according to Regulations of Securities Act of U.S.A., 1933 (including amendment) unless (A) There is a registration statement for the securities offering that is in effect within the said United States Securities Act or (B) It is an offering for sale of such rights to shareholders in accordance with an exception under the United States Securities Act. For some rules and regulations of some countries, shareholders may not be able to exercise the right in purchasing bonds; therefore, shareholding proportion may decrease. The does not responsible to request for registration of issuing ordinary shares in other countries so that shareholders in those countries can have the right to purchase ordinary shares in the future

Shareholding Structure and Management

Shareholding Structure

1. Registered capital The Company's paid-up capital as of December 31st, 2020 is as follows:

Registered capital	:	300,000,000	Baht
Paid-up capital	:	300,000,000	Baht
Divided into ordinary shares	:	600,000,000	Shares
Par value	:	0.50	Baht

2.Shareholders

Name of shareholders of the Company As appeared in the list of shareholders as of October 29th, 2020 is as follows:

Name of Shareholders	Numbers of shares (Shares)	Proportion of shares shareholders (%)
1. Buanoom Family		
Mr.Kraingsak Buanoom	280,300,000	46.72
Mrs.Ploypatcha Buanoom ^{1/}	40,300,000	6.72
Mr.Kriangkrai Buanoom ^{2/}	20,300,000	3.38
Ms.Pakamol Chanhom ^{3/}	20,300,000	3.38
Group of Buanoom family	361,200,000	60.20
2. Mr.Vayu Tongpoon	80,300,000	13.38
3.Mr.Narongsak Ditkornburi	6,521,000	1.09
4.Mr.Kromchet Wiphanpong	6,500,000	1.08
5.Mr.Pokanan Lohapansomboon	6,000,000	1.00
6.Ms.Kobkul Theerasatsamee	3,300,000	0.55
7.Mr.Thanaset Akkaraboonyapat	3,000,000	0.50
8.Mr.Kajonkiat Uengaram	3,000,000	0.50
9.Mr.Kraisorn Hinjeen	2,894,000	0.48
10.Mrs.Sripai Kaikeaw	2,300,000	0.38
Other shareholders	124,985,000	20.83
Total	600,000,000	100.00

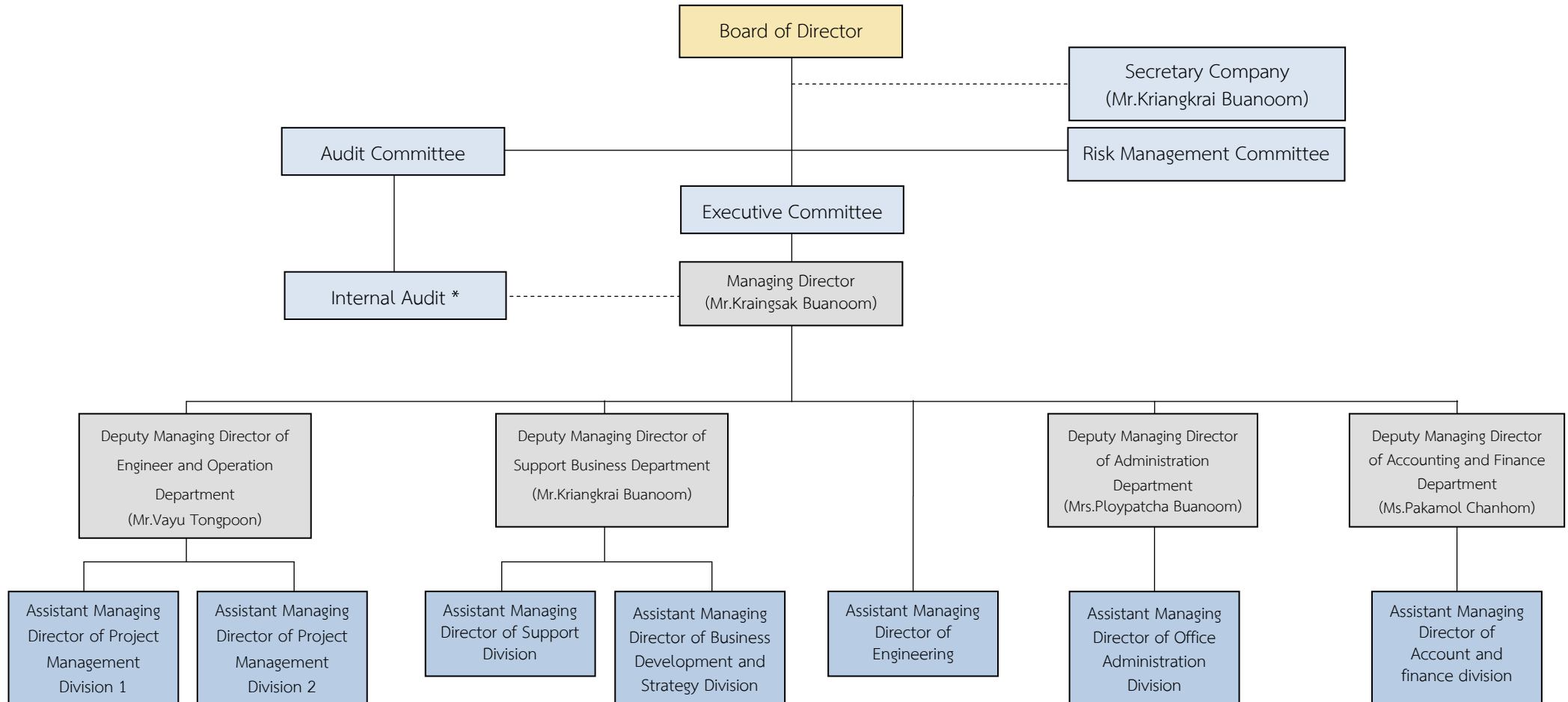
Note :

1/ Mrs. Ploypatcha Buanoom is Mr. Kraingsak Buanoom's wife

2/ Mr. Kriangkrai Buanoom is Mr. Kraingsak Buanoom's brother

3/ Miss Pakamol Chanhom is Mr. Kraingsak Buanoom's aunt

Organization Chart as of December 31st, 2020



* The Company hired Dharmniti Auditing Co.,Ltd. As an internal auditor (Outsource) services are provided on a yearly basis. The Audit Committee of the Company will be responsible for selecting and appoints a qualified internal auditor annually

The corporate structure of the Company as at December 31st, 2020 consists of the Board of Directors. Audit Committee Executive Committee and the Risk Management Committee. The list and scope of authority are as follows.

1. Board of Directors

The Board of Directors consists of 8 members.

Name of committees		Position	Priority to
1.	Ms.Tachanun Kangwantrakool	Chairman of the Board of Director/Audit Committee Member and Independent Director	August 13 th ,2019
2.	Mr.Kraingsak Buanoom	Director	January 17 th ,2012
3.	Mr.Vayu Tongpoon	Director	December 21 st ,2010
4.	Mrs.Ploypatcha Buanoom	Director	December 21 st ,2010
5.	Ms.Pakamol Chanhom	Director	March 17 th ,2011
6.	Mr.Kiangkrai Buanoom	Director	May 14 th ,2019
7.	Asstprof. Wikrom Jaruphongsa, Ph.D.	Chairman of the Audit Committee Member and Independent Director	August 13 th ,2019
8.	Mr.Chamnarn Wangtal	Audit Committee Member and Independent Director	August 13 th ,2019

Mr.Kiangkrai Buanoom is the Company Secretary.

Note: All directors are trained. - Director Accreditation Program (DAP) Thai Institute of Directors Association

Authorized Director

The authorized directors signing to bind up the Company are Mr. Kraingsak Buanoom together with one of the directors or Mr. Vayu Thongpoon, Mrs. Ploypatcha Buanoom, Mr. Kiangkrai Buanoom and Miss Pakamol Chanhom three out of four directors sign and affix the company's seal.

Details of attendance of Committees name for the year 2019 – year 2020

Name of Committees		Meetings number / All meetings after the reception position.	
		Year 2019	Year 2020
1.	Ms.Tachanun Kangwantrakool	3/3	5/5
2.	Mr.Kraingsak Buanoom	8/8	5/5
3.	Mr.Vayu Tongpoon	8/8	5/5
4.	Mrs.Ploypatcha Buanoom	8/8	5/5
5.	Ms.Pakamol Chanhom	5/5	5/5
6.	Mr.Kiangkrai Buanoom	5/5	5/5
7.	Mr.Chamnarn Wangtal	2/3	4/5
8.	Asstprof. Wikrom Jaruphongsa, Ph.D.	3/3	5/5

2. Audit Committee (Audit Committee)

The Audit Committee consists of 3 persons include

Audit Committee name	Position	Priority to promote
1. Asst.prof. Wikrom Jaruphongsa, Ph.D.	Chairman of the Audit Committee Member and	July 30 th , 2019

		Independent Director	
2. Ms.Tachanun	Kangwantrakool	Audit Committee Member and Independent Director	July 30 th , 2019
3. Mr.Chamnarn	Wangtal	Audit Committee Member and Independent Director	July 30 th , 2019

The audit Committee consists of 3 persons had qualifications to be the Audit Committee in accordance with the criteria set by the Stock Exchange and Mr.Chamnarn Wangtal is the audit committee those who have knowledge in accounting and finance.

Details attendance of Member of audit committee for the year 2019 – year 2020 include.

Audit Committee name		Meetings number / Total number of meetings	
		2019	2020
1. Asst.prof. Wikrom	Jaruphongs, Ph.D.	2/2	4/4
2. Ms.Tachanun	Kangwantrakool	2/2	4/4
3. Mr.Chamnarn	Wangtal	1/2	3/4

3.Risk Management Committee

Risk Management Committee consists of 3 persons include.

Risk Management Committee name		Position	Priority to promote
1. Mr.Kraingsak	Buanoom	Chairman of the Risk Management Committee	August 14 th , 2019
2. Ms.Tachanun	Kangwantrakool	Risk Management Committee	August 14 th , 2019
3. MrAmnaj	Baramekuekool	Risk Management Committee	August 14 th , 2019

Details attendance of Member of Risk Management Committee for the year 2019 to year 2020 include.

Risk Management Committee names		Meetings number / Total number of meetings	
		2019	2020
1. Mr.Kraingsak	Buanoom	1/1	2/2
2. Ms.Tachanun	Kangwantrakool	1/1	2/2
3. MrAmnaj	Baramekuekool	1/1	2/2

4. Executive Committee

Executive Committee consists of 5 persons include.

Executive Committee names		Position	Priority to promote
1. Mr.Kraingsak	Buanoom	Chairman of the Executive Committee	July 30 th , 2019
2. Mr.Vayu	Tongpoon	Executive Committee	July 30 th , 2019
3. Mrs.Ploypatcha	Buanoom	Executive Committee	July 30 th , 2019
4. Ms.Pakamol	Chanhom	Executive Committee	July 30 th , 2019
5. Mr.Kriangkrai	Buanoom	Executive Committee	July 30 th , 2019

5.Executive

Executive consists of 5 persons include.

Executive names			Position
1.	Mr.Kraingsak	Buanoom	Managing Director
2.	Mr.Vayu	Tongpoon	Deputy Managing Director of Engineer and Operation Department
3.	Mrs.Ploypatcha	Buanoom	Deputy Managing Director of Administration Department
4.	Ms.Pakamol	Chanhom	Deputy Managing Director of Accounting and Finance Department
5.	Mr.Kriangkrai	Buanoom	Deputy Managing Director of Support Business Department

6.Company secretary and Chief Accountant

1 Company Secretary

At the Board of Directors 'Meeting No. 4/2020 held on April 22nd, 2562 , the Board of Directors approved the appointment of Mr. Kriangsak Buanoom as Company Secretary it has the following important Responsibilities:

1. Prepare and keep the following documents.
 - 1.1 Registration Committee
 - 1.2 Invitations to the committee Meeting committee Report and Annual Company Report
 - 1.3 Invitation to the Annual Meeting of Shareholders and Meeting Shareholders Report
2. Maintain the report by Committee or Executives
3. Operation the committee and executive shall prepare reports on their interests in accordance. These are related to the management of the business of the company or its subsidiaries in accordance with the law.
4. Maintain a report of interest reported by a Committee or Executives and a copy sending report of the under section 89/14 shall be sent to the President and the President of the Audit Committee within seven (7) days from the date of receipt of the report and provide a document retention system or evidence related to the display of information and correct maintain, complete and verifiable records and documents for a period of not less than ten (10) years from the date on which such document or information is prepared.
5. Other operates as prescribed by the Capital Market Supervisory Board.

Chief Accountant

Mrs. Budsara Aksornsarn is directly responsible for the Chief accountant. Responsible for supervising the Company's accounting transactions and in accordance with the rules, regulations, rules of the company, having joined the company since May 2016.

Directors and Executive's Remuneration

The Company has a policy to pay directors and management incentives at an appropriate level. The Company's performance is based primarily on its performance and consistency with the same business /industry. This includes the appropriateness of the duties and responsibilities of each director and executive.

The company is careful in paying the management of the company at an appropriate level which is a competitive rate in the same business segment. In order to maintain and maintain quality management Executives who are assigned more duties and responsibilities will receive additional compensation appropriate to their duties and responsibilities. The payment of remuneration for the Executive Committee and the management will be in accordance with the Company's operating results and the Company's performance.

Monetary remuneration

A. Remuneration for the Board of Directors

The Annual General Meeting of Shareholders for the year 2020, held on March 26th, 2020 resolved the remuneration of directors in the year 2020 as follow:

Committee	Allowance (Baht)	Monthly (Baht)
Chairman of the Board of Director	15,000 Baht	10,000 Baht
Chairman of the Audit Committee Member	15,000 Baht	10,000 Baht
Chairman of the Risk Management Committee	10,000 Baht	10,000 Baht
Director	10,000 Baht	10,000 Baht
Audit Committee Member	10,000 Baht	10,000 Baht
Risk Management Committee	10,000 Baht	10,000 Baht

For committee who are also position of the Chairman of the Board of Director and/or director more than 1 committee in the case where the monthly remuneration of both positions is the same get paid monthly at a certain location. In case the remuneration is not the same rate to receive monthly remuneration at a higher rate. The remuneration for the year 2020 will be within the limit of Baht 785,000 with the remuneration paid to the President committee's company until the shareholders' meeting it approve.

Remuneration for directors for the year 2019-2020 is summarized as follows:

Unit : Baht

Committee Name		2019				
		Director ^{1/}	Audit Committee Member ^{2/}	Risk Management Committee ^{3/}	Monthly ^{4/}	Total
1.	Ms.Tachanun Kangwantrakool	45,000	20,000	10,000	50,000	125,000
2.	Mr.Kraingsak Buanoom ^{5/}	-	-	-	-	-
3.	Mr.Vayu Tongpoon ^{5/}	-	-	-	-	-
4.	Mrs.Ploypatcha Buanoom ^{5/}	-	-	-	-	-
5.	Mr.Kriangkrai Buanoom ^{5/}	-	-	-	-	-
6.	Ms.Pakamol Chanhom ^{5/}	-	-	-	-	-
7.	Mr.Chamnarn Wangtal	20,000	10,000	-	50,000	80,000
8.	Asstprof. Jaruphongs, Wikrom Ph.D.	30,000	30,000	-	50,000	110,000

Committee Name			2020			
			Director ^{1/}	Audit Committee Member ^{2/}	Risk Management Committee ^{3/}	Monthly ^{4/} Total
1.	Ms.Tachanun	Kangwantrakool	75,000	40,000	20,000	120,000 255,000
2.	Mr.Kraingsak	Buanoom ^{5/}	-	-	-	- -
3.	Mr.Vayu	Tongpoon ^{5/}	-	-	-	- -
4.	Mrs.Ploypatcha	Buanoom ^{5/}	-	-	-	- -
5.	Mr.Kriangkrai	Buanoom ^{5/}	-	-	-	- -
6.	Ms.Pakamol	Chanhom ^{5/}	-	-	-	- -
7.	Mr.Chamnarn	Wangtal	40,000	30,000	-	120,000 190,000
8.	Asstprof. Wikrom	Jaruphongsa, Ph.D.	50,000	60,000	-	120,000 230,000

Note : 1/ The company paid the first Board of Directors meeting allowance according to the resolution of the 2019 Annual company paid the first Audit Committee meeting allowance Since the Audit meeting Committee No. 1/2019 as of August General Meeting held on April 30, 2019 since the Board of Directors Meeting No. 6/2019 as of August 14, 2019.

2/ The Company paid the first Risk Audit Committee meeting allowance Since the Audit Committee No. 1/2019 as of August 14, 2019 onwards.

3/ The Company paid the first Risk Management Committee meeting allowance Since the Risk Management Committee No. 1/2019 as of August 14, 2019 onwards.

4/ The Company started paying the first monthly compensation in August 2019.

5/ such person is an executive in the company and therefore do not receive the board meeting allowance and monthly remuneration.

B. Executive Committee Compensation

- No -

C. Executive Compensation

List	2019		2020	
	Person(s)	Amount (Baht)	Person(s)	Amount (Baht)
Salary	5	7,323,500	5	7,713,469
Bonus	5	4,800,000	5	779,000
Social Security	2	7,500	-	-
Employee benefits	5	187,067	5	312,600
Provident fund	-	-	5	189,584
Other compensation ^{1/}	2	204,000	2	143,507
Total		12,522,067		9,138,160

Note: 1/ other compensation such as travel expenses, petrol costs.

Other Remuneration

-No-

Audit Fee

1. Audit Fee

The company paid its Audit Fee and reviewed its Financial Report for the fiscal year 2019 – year 2020. The details of the audit fees are as follows

Unit : Baht

Audit Fee	2019	2020
1. Annual audit fee	600,000	930,000
2. Review of interim financial statements	450,000	570,000
3. IT General control	120,000	120,000
Total	1,170,000	1,620,000

The company paid annual audit fee and review of interim financial statements to Auditor. These are all related parties to the Auditors and the Audit Office is not a related party to the company.

2. Non-audit Fee

In Year 2019 to Year 2020, The Company paid for non-audit fee to the auditors such as transportation and other expense etc. Total 88,000 Baht and 142,712 Baht respectively.

Personal

Total Employees

Total number of employees (Excluding management) as at December 31st, 2019 to December 31st, 2020, there were 189 persons, 157 persons respectively, consisting of the following employees:

Department	Person(s)	
	December 31 st , 2019	December 31 st , 2020
Project	100	69
Engineer	13	18
Labor Management	8	0*
Maintenance	6	6
Purchase	9	8
Business Development	14	16
Quality Management	1	1
Manage contracts and tenders	12	13
Safety	1	1
Human Resource	2	4
Administration	3	3
Finance	5	5
Accounting	7	7
Asset/Warehouse	8	6
Total	189	157

*Merged with Human Resource

Employee Remuneration

The remuneration of employees (excluding executives) in the year 2019 to year 2020 are Baht 82.11 million, Baht 70.37 million respectively, in the form of salary, bonus, welfare, social security, provident fund and provident fund. Social security Retirement benefits, etc.

Other Remuneration

-No-

Provident Fund

The Company has established a provident fund K MASTER Full fund under the management of Kasikornthai Management Co., Ltd., for Management Company according to the provident fund 1987 (as amended) from March 1st 2020, the employees participating in the provident fund the company will pay a contribution of 3.00% of the employees' salaries and employees pay the fund at the rate of 3.00% of the salary each person.

Important Labor disputes

As at December 31st, 2020, the company has no labor disputes.

Number of training hours for employee in 2020

- Hours of monthly employee training 1,581 Hours
- Hours of daily employee training 192 Hours

Human Resource Development Policy

The company has a human resource development policy. The objective is to develop personal in long term, along with career advancement. The company provides regular training both on-site and off-site and has set out a training plan every year by surveying the training needs of personal in each department and considering the training that is suitable and required for each line of work.



The Corporate Governance

Section 1 Title

The Board of Directors has a policy to promote ethics and integrity, striving to conduct business in accordance with the Code of Ethics in all aspects and the Principles of Corporate Governance Policy. It is the duty and responsibility of directors, executives, and every employee to acknowledge and strictly comply with the Company's policies and regulations to establish trust among shareholders and to achieve business goals, thereby enabling the Company to grow sustainably.



Code of Ethics

The Company shall take steps to ensure that officers related to business undertakings comply with the Code of Ethics as follows:

1. Operate business honestly and in good faith, adhere to socially responsible business practice, both legally and ethically, and strive to produce positive impact on the community, society, and environment;
2. Treat all customers fairly and without discrimination with regard to products and services;
3. Set up a standard operating system and control. Utilize full knowledge and ability with care based on informed information and referenceable evidence. Strictly comply with relevant laws and regulations.
4. Do not disclose confidential information of customers obtained from business undertakings unless it is required to be disclosed by law and duty.
5. Customers shall be allowed to file a complaint about products and services.
6. Provide information about products and services fully and accurately.
7. Comply with agreements and terms made with customers fairly. If unable to comply with such agreements and terms, notify customers promptly to find solutions



Code of Conduct

1. Good Corporate Governance Policy

All personnel must comply with the Good Corporate Governance Policy of the Company to demonstrate that the Company recognizes the importance of protecting the interest of all stakeholders, including shareholders, customers, and employees, as well as the reputation of the Company.

2. Relationship with Shareholders

Perform duties honestly and in good faith. The Board of Directors must make decisions in the best interest of shareholders and conduct any actions with fairness to all shareholders.

3. Basic Code of Conduct for the Board of Directors

Perform designated duties honestly and in good faith, fully utilize knowledge, skills, and experiences for the benefits of the Company, and promote good corporate governance culture.

4. Basic Code of Conduct for President/Chief Executive Officer

Determine business policies to achieve the goals of the Company, protect the interest of shareholders, customers, and employees, and promote good corporate governance culture.

5. Employee Policy and Treatment

The Company provides fair employee compensation; maintains safe workplace environment; appoints, transfers, rewards, and punishes employees fairly based on the knowledge, ability, and suitability of individual employees; provides professional development to all employees regularly; and strictly complies with laws and regulations related to employees.

6. Employee Conduct Policy

All employees must perform their duties with determination, honesty, transparency, and accountability and refrain from giving valuable gifts to superiors or accepting gifts from subordinates. Superiors shall act respectfully and employees shall not act in a way that disrespects their superiors. Employees must respect the right of each other and management; maintain self-discipline; comply with rules and regulations of the Company, either oral or written; promote and maintain harmonious environment and unity; and avoid any acts that may affect the reputation and image of the Company or cause problems to the Company.

7. Employee Compensation Policy

Employee compensation shall be determined in accordance with business standards, along with employee skill development and incentives, to ensure effective and efficient performance. In addition, the Company shall give employees the opportunity to express their opinions to improve the work and promote good relationships between organizational units. The Board of Directors takes employment seriously and considers capabilities and performance of individual employees without discrimination. It provides equal opportunities for women and the underprivileged in line with the principles of fairness, equality, and suitable qualifications to promote sustainable career advancement. The Company has adopted a short-term and long-term employee compensation policy that is consistent with the Company's operating results and employee performance. In addition to compensation, the Company has provided appropriate welfare benefits to employees. It has regularly reviewed welfare benefits to account for changing economic conditions. These benefits include travel allowance and a provident fund to give employees financial stability and security after employment termination or retirement.

In assessing employee performance, the Company has put a performance evaluation system in place. The supervisor shall evaluate employee performance based on the performance indicators that reflect the Company's operations and notify employees of what to improve on in order to become more efficient and ready for a higher position. The Company shall use the performance evaluation results to prepare an individual employee development plan in accordance with the Company's employee development plan.

8. Relationship between Code of Conduct and Laws

The Company's Code of Conduct must be developed and improved so as to be appropriate and consistent with laws.

9. Customers

Deliver products and services with quality that meets or is higher than customer expectation under fair terms and conditions. Provide accurate, adequate, and up-to-date information about products and services and avoid exaggerated statements that cause customers to misunderstand the quality of the products and services. Protect customers' confidential information and do not use such information for personal benefit or the benefit of others. Communicate with customers politely, efficiently, and trustworthily and respond to customers' need promptly. Set up a system and channels through which customers can file a complaint about the quality and safety of products and services.

10. Conflict of Interest

Directors, executives, and employees must avoid any act that conflicts with the interest of the Company and the Company must take steps to prevent conflict of interest between concerned parties. No executives or employees shall have the right to act in contradiction with laws and the Company's Code of Conduct. Decisions and actions of executives and employees must always be made in the best interest of stakeholders over their own interest. If a conflict of interest occurs or a director, executive, or employee is involved in a situation that may lead to a conflict of interest, that person shall notify his/her superior or relevant unit in order to rectify such situation fairly and in a transparent manner.

11. Insider Information

Every personnel of the Company must comply with the Company's insider information policy.

12. Competition

The Company is committed to a free and fair trade and competition. In negotiating business, directors, executives, and employees must refrain from demanding, accepting, or giving any dishonest benefit from and to business partners and/or creditors.

13. Public Relations

The Company shall not distort, conceal, and/or give false information in any publication or advertisement and shall disclose information of the Company as required by relevant laws.

14. Social and Environmental Roles

The Company encourages directors, executives and employees to be a part of society by regularly participating in social, community, and environmental activities organized by the Company, government organizations, and communities to improve the quality of life in communities. Such participation will help develop the economy and society which will in turn contribute to the success of the Company. The Company has a policy to regularly support the protection and conservation of the environment as well as local traditions and cultures.

15. Accepting or Giving Gift or Entertainment

Directors, executives, and employees shall not demand, accept, or agree to accept money, items, or any benefit from persons related to the Company's business. However, directors, executives, and employees may accept or give gifts provided that such act is in accordance with tradition, does not influence any business decision making of the receiver, and is carried out in a transparent manner or in public and can be accountable.

16. Internal Control, Internal Audit, and Financial Report

The Company's management is responsible for preparing accurate, complete, and timely financial reports including annual and quarterly financial statements in accordance with Generally Accepted Auditing Standards. Moreover, management shall set up efficient internal control and audit systems to ensure compliance with relevant laws and standards, which are audited by Internal Audit and reviewed by the Audit Committee.

17. Monitoring Compliance, Reporting and Disclosing Misconduct

There are five principles as follows:

17.1 The Company requires all directors, executives, and employees to acknowledge, understand, and strictly comply with the Code of Conduct.

17.2 The Company punishes violators of the Code and praises those who strictly comply with the Code in accordance with the disciplinary penalties, policies, and work regulations.

17.3 The Company sets procedures for monitoring, inquiring, and reporting suspected violation of the Code of Conduct or receiving complaints through various channels based on the nature of the disciplinary misconduct and a chain of command as follows:

- Superior in the chain of command
- Internal audit
- Audit Committee

In reporting suspected violation of the Code, minor wrongdoings shall be reported to a superior in the chain of command whereas serious wrongdoings including corruption and fraud shall be reported to the highest-ranking executive in a department. If the misconduct case involves the highest-ranking executive in a department, an employee may report it to the Internal Audit directly so that it can investigate the case and report the investigation results to the Audit Committee.

17.4 The Internal Audit shall prepare a compliance monitoring report and submit the report to the Executive Committee and Audit Committee.

17.5 The Code of Conduct shall be reviewed once every three years or when appropriate and necessary.



Section 2 Corporate Governance Policy

The Company has complied with the code of best practice to promote transparency and efficiency in business operations, which will create trust and confidence amongst shareholders, investors, and all relevant parties. The Board of Directors has thus established the Principles of Corporate Governance in accordance with the Good Corporate Governance Guidelines set by the Stock Exchange of Thailand. The Company's Principles of Corporate Governance comprise five principles as follows: -

Principal 1: The Rights of Shareholders

The Board of Directors recognizes and respects the basic rights of shareholders as the company's owners and stock investors, including the right to buy, sell, and transfer shares; obtain adequate information about the Company; share in the profits of the Company; participate and vote in a shareholders' meeting; express opinions; and participate in key Company's decisions such as dividend allocation, election and removal of members of the Board, appointment of external auditor, and approval of extraordinary transactions.

In addition to the foregoing basic rights of shareholders, various attempts have been made by the Company to facilitate exercise of shareholders' rights as follows:

1. Shareholders' Meeting

1.1 The Company shall hold an annual shareholders' meeting within four (4) months from the end of an accounting period. An invitation letter containing adequate information, meeting agenda, and opinions of the board for each agenda item shall be sent to shareholders at least seven days prior to the meeting. In case of important agenda, an invitation letter shall be sent to shareholders at least fourteen (14) days prior to the meeting to provide shareholders sufficient time to review. Examples of such important agenda include approval of private placement of shares, employee stock ownership plan (ESOP), change in capital structure, connected transactions, acquisition and disposition of significant assets, and delisting. The Company shall also announce the notice of shareholders' meeting in newspapers for three (3) consecutive days prior to the meeting.

1.2 Shareholders who are unable to attend a meeting in person may appoint an independent director or any person as a proxy to attend a meeting on their behalf using an appropriate proxy form enclosed with an invitation letter. Prior to a shareholders' meeting, the Company shall give an opportunity for shareholders to send comments, suggestions, and questions in advance to the Company Secretary's email address secretary@wge.in.th

1.3 The Company shall select a suitable place with good transportation to hold a shareholders' meeting at appropriate date and time and allocate adequate time for the meeting.

1.4 At a shareholders' meeting, all shareholders shall be given the opportunity to make inquiries, suggestions, and comments. Directors and relevant executives attending the meeting shall give clear responses to the queries from shareholders.

1.5 The Company shall prepare the minutes of shareholders' meeting and submit it to the Stock Exchange of Thailand within fourteen (14) days from the meeting date in accordance with the regulations set by the Stock Exchange of Thailand and disclose the details of the meeting appropriately and completely.

2. Election and Removal of Directors and Determination of Directors' Remuneration

2.1 Election of Directors

Shareholders have the right to elect directors individually. The Company shall nominate qualified candidates and send their names together with short biographical details to shareholders to review and consider appointing as directors at a shareholders' meeting.

2.2 Removal of Directors

A shareholders' meeting may pass a resolution to remove any director before the expiration of his or her term in accordance with laws and the Company's Articles of Association with the vote of not less than three-fourths (3/4) of the number of shareholders present at the meeting and entitled to vote, representing not less than one half of the total number of shares held by shareholders present at the meeting and entitled to vote.

2.3 Determination of Directors' Remuneration

Shareholders have the right to determine the remuneration of directors, either in monetary and/or nonmonetary forms, at an annual shareholders' meeting. The Company shall also inform shareholders of the rules and policy for determining remuneration of each position held by the directors, either in monetary and/or non-monetary forms, on a yearly basis.

3. The Right to Appoint External Auditor and Determine Audit Fee

The Company requires that an appointment of external auditor and determination of audit fee be approved by shareholders at an annual ordinary meeting of shareholders. The Company's auditor must be independent and approved by the Securities and Exchange Commission. Information of the nominated auditor including the affiliated audit office, experience, independence, years of audit service for the Company (in case of re-appointment), and audit fee and/or other fees (if any) shall be enclosed with a letter of invitation to a shareholders' meeting and published on the Company's website for shareholders to review prior to the meeting.

4. The Right to Share in Profits

The Company shall allocate the profits to shareholders in the form of dividends, provided that such allocation is approved by shareholders at an annual ordinary meeting of shareholders or extraordinary meeting of shareholders or Board's meeting as required by laws.

5. The Right to Obtain Information, Operating Results, and Management Policies on a Timely and Regular Basis

The Company has a policy to disclose information to shareholders transparently, accurately, completely, and fairly. Every shareholder has the right to access and obtain information, operating results, and management policies of the Company adequately, regularly, timely, and fairly by contacting the Company or through other channels such as the Company's website www.well-graded.com or email secretary@wge.in.th

Principle 2: Equitable Treatment of Shareholders

The Company shall treat all shareholders fairly and equally. Processes and procedures for shareholders' meeting shall allow for equitable treatment of shareholders. Voting right shall be based on the one share – one vote principle. The Company allows shareholders who are unable to attend a shareholders' meeting in person to appoint an independent director or any person as a proxy to attend the meeting on their behalf using an appropriate proxy form enclosed with an invitation letter. The Company shall record a meeting accurately and clearly and submit the meeting minutes to the Stock Exchange of Thailand and Securities and Exchange Commission within fourteen (14) days of the meeting date. The meeting minutes shall also be published on the Company's website.

Furthermore, the Company has set measures to prevent insider trading by directors, executives, and employees working with insider information (including their spouses and minor children). All relevant persons are prohibited from trading the Company's securities for at least thirty (30) days prior to the disclosure of the quarterly and annual financial statements and within twenty-four (24) hours after disclosing such information to the public and from disclosing such information to other parties.

The Company shall inform directors and executives of their duty to report their holdings of the Company's securities and penalties in compliance with the Securities and Exchange Act B.E. 2535 and Regulations of the Stock Exchange of Thailand. Directors and executives must also report any changes in their holdings of the Company's securities and securities held by their spouses and minor children to the Securities and Exchange Commission in accordance with Section 59 of the Securities and Exchange Act B.E. 2535 within three (3) business days of the trading date.

Principle 3: The Role of Stakeholders

The Company places importance on the rights of all stakeholders, be they internal stakeholders such as employees and executives of the Company or external stakeholders such as competitors, partners, and customers. The Company recognizes that supports and comments from stakeholders will benefit its operations and business development and has therefore complied with relevant laws and regulations to ensure that the rights of stakeholders are protected.

Furthermore, the Company has promoted cooperation between the Company and its stakeholders to build security for the Company according to the following guidelines:-

- (A) Shareholders: : the company emphasizes on continuous organization development which will result in increasing income and profit, company value and highest return to shareholders
- (B) Customers : the company emphasizes on standard and quality products including honest, fair services and responsibilities to customers
- (C) Partners : the company holds policy that is fair and follow business conditions and/or mutual contract agreement to great business relationships and beneficial to all parties
- (D) Competitors : the company promotes fair competition including follow rules and regulations
- (E) Employees : the company holds policy of equal and fair treatment to every employee, appropriated benefits and compensation including employee developmental support
- (F) Communities and society : the company emphasizes on community and society by operate ethically and support appropriate activities that promote and support society
- (G) Environment : the company continuously operates strictly according to environmental law, regulations and develops guidelines in controlling the impact to the environment

The company will operate according to different laws and regulations so that all stakeholders receive good treatment. All stakeholders can contact/complain with the company directly on <http://investor.well-graded.com> or email to secretary@wge.in.th



Principle 4: Disclosure and Transparency

The Company recognizes the importance of accurate, complete, and transparent disclosure of both general and financial information in accordance with the rules of the Securities and Exchange Commission and Stock Exchange of Thailand, as well as other important information that may affect the Company's securities prices. The Company has disclosed information to its shareholders, investors, and the public through various channels of the Securities and Exchange Commission and Stock Exchange of Thailand and the Company's website www.well-graded.com

The Company has not set up a unit to perform the investor relations function. However, the Company Secretary has preliminarily been assigned to communicate with investors, shareholders, analysts, and relevant state organizations.

The Board of Directors is responsible for the Company's financial statements and information presented in the annual report. The financial statements are prepared in accordance with Thailand Generally Accepted Auditing Standards using an accounting policy appropriate with the Company's business. The financial report and internal control system, as well as information presented in the notes to the financial statements, are reviewed by the Audit Committee.

Contact

Mr.Kriangkrai Buanoom Tel : 02-981-7992-4 E-Mail : secretary@wge.in.th

Principle 5: Responsibilities of the Board of Directors

1. Structure of the Board

The Board of Directors consists of persons with knowledge and capability. They play an important role in determining policies and organizational overview. They also play an important role in supervising, auditing and evaluating the Company's performance to be in accordance with the plan independently.

Currently, the Board of Directors comprises 8 persons, including 3 non-executive directors who qualify as independent directors. This will result in a balance in the voting consideration of various matters. There is also an Audit Committee consisting of 3 independent committees, acting as the shareholders' representative in supervising the Company's operations for accuracy and transparency.

According to the regulations of the company stipulated that the directors must retire at a ratio of one third at the annual general meeting of shareholders. If the number of directors required to retire cannot be divided into three parts. Then give out by the number closest to one-third. Directors who have to retire in the first and second years after the registration of the company must use the method of drawing lots to determine who will leave. In the following years, the director who has been in office for the longest time will be retired from office. However, the retiring director may be re-elected.

In addition, the Board of Directors has appointed 3 sub-committees, namely the Audit Committee, Risk Management Committee and Executive Committee, to perform specific duties and

propose matters to the Board of Directors for consideration or acknowledgment. Each sub-committee has the rights and duties as specified in the powers and duties of each committee.

The company has clearly defined the scope of powers and duties of each committee. Especially the Executive Committee and Managing Director. As a result, the Executive Committee and the Managing Director have no absolute power. There is a balance of an important resolutions that must be approved by the Board of Directors or the shareholders' meeting (depending on the case), including the company's directors will not be able to approve any transactions that themselves or a person who has a conflict of interest in his or her own interest.

The company has a secretary of the Board of Directors who has to provide regulatory advice that the committees are required to know and perform their duties in overseeing the activities of the committee. As well as to coordinate the implementation of the resolutions of the board of directors.

2. Roles, duties and responsibilities of the board

Board of Directors Consists of people who have knowledge, a wide range of skills and expertise and leadership which is accepted. The Board of Directors will participate in setting vision, mission, strategy, policy, business practice guidelines and supervise the company's operations in accordance with the law, objectives, regulations and resolutions of the shareholders' meeting. The Board of Directors has established various committees to monitor and supervise the operations of the company for closely monitoring and supervising the company's operations.

2.1 Corporate Governance Policy

The Company has adopted the Corporate Governance Policy in writing. The Corporate Governance Policy and policy compliance will be reviewed at least once every year. Moreover, the Company shall strictly comply with rules and regulations set by the Securities and Exchange Commission and Stock Exchange of Thailand and/or Market for Alternative Investment and shall disclose a corporate governance performance in its annual report and annual registration statement (Form 56-1).

2.2 Code of Ethics

The Company has defined ethical principles to provide directors, management, and employees with guidance for performing their duties fairly, honestly, and in good faith and set a monitoring system to ensure compliance with such principles.

2.3 Conflict of Interest Prevention

The Board of Directors has set forth a conflict of interest policy based on the principle that any business decision must be made in the best interest of the Company and any act that may cause a conflict of interest must be avoided. A person who is related or connected with a given transaction shall notify the Company of such relation or connection and shall not participate in a decision-making process and approve that transaction.

The Audit Committee shall report related-party transactions and conflicts of interest that have been thoroughly considered in accordance with rules set forth by the Securities and Exchange Commission and/or Stock Exchange of Thailand to the Board of Directors. Such transactions and conflicts of interest shall also be disclosed in financial statements, annual report, and annual registration statement (Form 56-1).

2.4 Internal Control System

The Company places importance on internal control system in both management and practitioner levels. To ensure efficiency, the Company has clearly specified authorities, duties, and responsibilities of executives and practitioners in writing; supervised the use of company assets; and separated the roles and responsibilities of practitioners from those of monitoring and assessing officers. The Audit Committee has been appointed to review the internal control system and conduct an internal audit.

2.5 Board of Directors' Report

The Audit Committee is responsible for reviewing a financial report prepared jointly by finance and accounting department and auditor to submit to the Board of Directors every quarter. The Board of Directors is responsible for financial statements and financial information (statement of the Board of Directors' responsibilities for financial report) to confirm that such financial statements are prepared in accordance with Generally Accepted Auditing Standards and audited by the Company's auditor in annual report and shall ensure that all important information, both financial and non-financial, is disclosed truthfully and completely on a regular basis.

3. Board of Directors' Meeting

According to the company's regulations the company organizes a meeting of the board of directors at least every 3 months and will arrange special meetings as necessary. The meeting invitation letter was sent 7 days prior to the meeting date. Except the urgent case that the company need to protect benefits of the company. Therefore, in each meeting there is a clear agenda for the meeting. There are sufficient and complete supporting documents for the meeting which delivered to the board in advance in order for the committee to have sufficient time to study the information before attending the meeting.

In a meeting, the chairman of the Board of Directors and the Managing Director jointly set the meeting agendas and consider the agendas of the Board of Directors' meetings by giving opportunities for each director to propose matters to be considered on the meeting's agenda where all directors are able to discuss and express their opinions openly. The chairman of the meeting has to compile the opinions and conclusions from the meeting. The Board of Directors shall hold a majority vote in which one director has one vote. The directors with conflict of interest will not attend the meeting and / or vote on such matters. If the votes are equal, the chairman of the meeting will have one more vote to decide. In addition, the minutes of the meeting will be made in writing after the meeting is completed and certified by the Board of Directors to be ready for the Board of Directors and the relevant persons to examine.

In the past, the company has sent supporting documents in advance every time. So that the directors have sufficient time to study information on various matters and will assign the Secretary of the Board to attend every meeting. The Secretary of the Committee will record the minutes of the meeting and sent it to the Chairman of the Board of Directors for consideration and signing to certify the accuracy by proposing to the meeting to certify in the first agenda of the next meeting. Including storing information or documents about various meetings for easy searching in later references.

For the meeting of the Board of Directors in 2021, the Board of Directors has set the preliminary schedule as follows:

The Board of Directors' Meeting No.	Date
1/2564	25 th February 2021
2/2564	6 th May 2021
3/2564	5 th August 2021
4/2564	4 th November 2021

Note: The schedule is subject to change depending on other factors involved.

4. Remuneration of Directors and Executives

The Company does not appoint the Nomination and Remuneration Committee. The company has operated to inspect and balance the issues through the determination of a balanced director structure through the presence of a non-executive committee and does not have a kinship relationship with the company's management. Therefore, the Audit Committee is independent and has no interest in the aforementioned transactions. The nomination and remuneration will be considered by the Board of Directors which is not for the benefit of any person.

The Company requires disclosure of remuneration paid to directors and executives in the form prescribed by the Office of the Securities and Exchange Commission.

5. Development of Directors and Executives

The Company has a policy to provide and facilitate development and training programs for directors involving in the Company's management including the Board members, audit directors, executives, and company secretary in order to continually improve their effectiveness. When there is a change to the Board or a new director is appointed, management shall provide documents and information useful for the assigned duties and introduce the Company's business and operation to the new director.

Board of Directors

The company's management structure consists of the Board of Directors and 3 sub-committees: Audit Committee, Risk Management Committee, and Executive Committee. The scope of powers and duties of various sub-committees are as follows:

Scope of Duties of the Chairman of the Board of Directors

The chairman of the board has a role and duty to govern policy implementation and strategic management practices, as well as advice and support the management's business operations. But does not take part in the regular management of the company. The Chairman of the Board of Directors acts as the chairman of the Board of Directors' meetings and the shareholders' meeting. He has to encourage all directors to participate in the meeting as well as ensuring that the Board of Directors and shareholders' meetings proceed effectively until they are successfully completed. The main roles of the Chairman of the Board are as follows:

- Encourage effective performance in the Board of Directors to comply with the principles of good corporate governance
- Encourage the participation of executive directors, non-executive directors and independent directors in the activities and decision-making process of the Board of Directors
- Support for regular assessment and development of the performance of the Board of Directors
- Being a Chairman of the Board of Directors meetings and shareholders meeting including setting the agenda together with a company secretary by giving opportunities for each director to propose matters to be considered on the agenda of the meeting
- Be the casting vote in the event that the Board of Directors' meeting has a vote and two sides of the votes are equal
- Provide the Board of Directors with adequate information for the Board of Directors' meetings.
- Provide an effective channel for communication between the Board of Directors, the management and the shareholders
- Appoint a company secretary to support the work of the Board of Directors

Scope of Duties and Responsibilities of the Board of Directors

The Board of Directors has a scope, authority and responsibility to manage the company in accordance with the law, objectives and regulations of the company. As well as the resolution of the shareholders' meeting in a lawful manner, which can summarize the important powers and responsibilities as follows:

1. Perform duties in accordance with the law, objectives and regulations of the company as well as the resolution of the shareholders' meeting with honesty and carefully protect the interests of the company
2. Set policies, goals, plans, business strategies and the annual budget
3. To control, supervise, and ensure that the management is in accordance with the established policies and budgets
4. Have the authority to inspect and consider and approve policies, guidelines and operating plans for the company's large-scale investment projects which has been proposed by the subcommittee or management
5. Have the power to appoint, assign or recommend to a sub-committee or working group to consider or perform any matter as the Board of Directors deems appropriate.
6. Actions for the company to have an internal control system. and effective internal audit including risk management and reliability of financial reports. By providing the internal audit department to monitor and take joint action and coordinate with the Audit Committee
7. Prepare the annual report of the committee and responsible for the preparation and disclosure of financial statements showing the financial status and operating results of the past year for proposing to the shareholders' meeting

8. Organize an annual general meeting of shareholders within 4 months from the end of the fiscal year of the company and schedule an extraordinary general meeting of shareholders when necessary
9. Organize an annual performance appraisal of the Board of Directors in the form of assessment of the entire committee to be used as a framework for reviewing the performance of the Board of Directors
10. Have the power to consider and approve any matters necessary and related to the company or as deemed appropriate for the benefit of the company
11. Appoint one director or more persons or other persons to act on behalf of the Board of Directors. In this regard, such delegation must not have the power to approve such or potential conflicts of interest ("Person who may have conflict" as defined in the notification of the Securities and Exchange Commission) and have an interest or may have a conflict of interest in any other manner with the Company or its subsidiaries.
Except for the following that can be done after receiving approval from the shareholders' meeting first.
 - Issues that the law requires a resolution of the shareholders' meeting
 - Transactions in which the directors have interests and in the scope of the law or the requirements of the Stock Exchange of Thailand requiring approval from the shareholders' meeting
 - In addition, in the following cases, it must be approved by the Board of Directors and the shareholders' meeting with a vote of not less than three-fourth of the total number of votes of the shareholders attending the meeting and having the right to vote.
 - Sale or transfer of all or a significant portion of the company's business to another person
 - Acquisition or acceptance of transfer of business of other public companies or private companies to the company
 - Making, amending or terminating the contract regarding renting of all or significant parts of the company's business, assigning someone else to manage the business of the company or merging with other parties for the purpose of sharing profits and losses
 - Issuance of new shares to pay creditors of the company according to the debt to equity conversion scheme
 - Reduction of the company's registered capital by reducing the number of shares or stock value
 - Increasing capital, reducing capital, issuing debentures merger or dissolution of the company
 - Any other matters as required by law

In this regard, any matter that a director who has a stake or a conflict of interest with the company or its subsidiaries has no right to vote on that matter.

In addition, the Board of Directors has the scope and duty to supervise the company to comply with the laws on securities and the Stock Exchange of Thailand. Regulations of the Stock Exchange of Thailand such as connected transactions, acquisition or disposition of property according to the rules of the Stock Exchange of Thailand or according to the announcement of the Securities and Exchange Commission Capital Market Supervisory Board or laws relating to the company's business.

The Board of Directors has established business objectives and communicate to the organization to move in the same direction by taking into account the environmental factors of the entity and analyzing the internal and external environment of the organization that may affect the stakeholders concerned to understand the market competition, opportunities and obstacles, as well as to manage appropriate resource allocation in accordance with the specified work plan. Throughout promoting the creation and application of innovation and technology to add value to the organization for sustainable growth. The Board of Directors Meeting No. 1/2021 held on February 25, 2021 approved the revision of the vision, mission, values of the organization and corporate strategy to be clear, appropriate and consistent with the corporate goals as well as communicating for all employees to move in the same direction.

Scope of Duties and Responsibilities of the Audit Committee

The audit committee has scope, authority and responsibility as follows:

1. Review the company's financial reporting process to ensure that they are correct and has an adequate disclosure as well as being reliable in accordance with generally accepted accounting standards.
2. Consider, select, and nominate an independent person to act as the company's auditor to perform audits, control systems and financial statements of the company. The audit committee has the power and responsibility in selecting, evaluating, proposing remuneration and supervise the work of the audit firm for the purpose of preparing or issuing an audit report or any other investigation, review or assurance services for companies.

Each auditor and audit firm report directly to the audit committee. The audit committee has the power to approve the preliminary terms and service fees for audit services and other services offered by the auditor.

The Audit Committee will give advice to the Board of Directors to propose to the shareholders at the annual general meeting of shareholders to approve the appointment of auditors and audit service fees.

3. Meeting with executives and auditors as appropriate about audit problems and limitations including the actions of the management on the problem or limitation and the management and risk assessment policy of the company including significant financial risks and management measures to control and mitigate such risks. In addition, the Audit Committee is required to resolve any conflicts between management and the auditors involved in the financial reports. Attending a meeting with the auditor without the management of the meeting at least once a year. In the Audit Committee Meeting No. 4/2021 held on November 12, 2020, the Audit Committee has performed meeting between each other without the executive director attending the meeting.

4. Promote and build a confidence in the independence of the auditors. The audit committee must discuss with the auditors regarding independence from management and the company. Including any relationship or any service between the auditor and the company as well as any other relationship that may affect the objectivity of the auditor.
5. Review the company's financial reports, accounting standards and accounting policy and significant changes to accounting standards, principles or practices. Including making important accounting decisions that affect the financial reports of the company which includes alternatives reasonableness and the results of such decisions.
6. Consider connected transactions or transactions that may lead to conflicts of interest to comply with the laws and regulations of the Stock Exchange. This is to ensure that such transactions are reasonable and in the best interest of the company.
7. Review and approve or ratify any transaction between the company and the person concerned. This is a transaction that is scheduled to be disclosed in accordance with the rules of the Securities and Exchange Commission.

Scope of Duties and Responsibilities of the Risk Management Committee

The Risk Management Committee has a scope, authority and responsibility as follows:

1. Set and review the policy and framework for organizational risk management.
2. Supervise and support the implementation of corporate risk management to be consistent with business strategy and goals including the changing circumstances
3. Consider the report on the results of corporate risk management. And comment on the risks that may arise including setting guidelines for determining control or mitigation measures, and developing an organization's risk management system to be continuously efficient.
4. To report the results of corporate risk management to the Board of Directors and in case of having an important factors or events that may have a significant impact on the company. They must be reported to the Board of Directors for their acknowledgment and consideration as soon as possible.
5. Make a meeting of the Risk Management Committee at least twice a year to consider, discuss and take any action to accomplish the duties and responsibilities.
6. Perform any other duties as assigned by the Board of Directors.

Scope of Duties and Responsibilities of the Executive Committee

The Executive Committee has a scope, authority and responsibility as follows:

1. Prepare and propose business policies, goals, operational plans, business strategy and the annual budget of the company to seek an approval from the Board of Directors.
2. Determine the business plan, budget and various administrative powers of the company to seek an approval from the Board of Directors.
3. Supervise the company's business operations in accordance with the business policy, goals, operational plans, business strategy and the budget approved by the Board.

4. Have the power to consider and approve the expenditure of money for investment or other operations, loan or loan application from financial institutions and lending as well as being a guarantor for normal business transactions of the company and it is for the benefit of operating according to the objectives of the company within the specified amount. The actions must be subject to the notification of the Stock Exchange of Thailand, Securities and Exchange Commission Capital Market Supervisory Board or any other related laws.
5. Determine the organizational structure and management authority to cover the details of the selection, hiring, relocation, training and dismissal of the company's management staff or senior management by assigning the Managing Director of the Company to be the authorized person on behalf of the company to sign in the labor contract.
6. Supervise and approve matters related to the operations of the company. And may appoint or assign any person or multiple persons to act on behalf of the Executive Committee as deemed appropriate. And the Executive Committee can cancel, change or amend such power.
7. Have the power to appoint consultants in various fields that is necessary for the operation of the company or to comply with applicable laws.
8. Perform any other duties assigned by the Board of Directors.

The delegation of powers, duties and responsibilities of the Executive Committee will not look like a delegation or delegate power during which the Executive Committee or an authorized person of the Executive Committee be able to approve items that may or may not have conflicts or there may be a conflict of interest in any other company or subsidiary of the company (as defined in the notification of the Securities and Exchange Commission), the approval of such transactions must be submitted to the meeting of the Board of Directors and / or the shareholders' meeting (as the case may be) to approve the transaction as required by the regulations of the company or the relevant laws. The exception is the approval of transactions with normal business conditions that clearly state its boundaries.

Scope of Duties and Responsibilities of the Managing Director

The managing director is responsible for managing and controlling the company in accordance with the initial objectives of the company. The managing director must perform duties and be responsible for the operation of the company both by himself or assign other executives in the next level to act on his behalf. The duties and responsibilities of the managing director are as follows:

1. Prepare long-term work plans (3 years) and short-term work plans (1 year) including investment plans in various projects and strategies to support long-term plans to achieve the goals
2. Set up policies and strategies for marketing and sales, including public relations plans and promotion plans to suit the domestic and international markets
3. Monitor and assess the current business situation and future trends to develop new business and increase product distribution channels
4. Develop organization and work with the power to define the organizational structure, issuing rules, regulations, orders, circulars, set up lines of command and workflow, setting the approval power guidelines, including setting job levels, Job description and job specification

5. Has the power to conduct any business to comply with the objectives, policies, regulations, orders, as well as the resolutions of the board of directors' meetings or the resolution of the shareholders' meeting of the company
6. Have the power to issue orders, regulations, announcements, records to ensure the implementation of the policy and the benefits of the company also to maintain work discipline within the organization
7. Follow up and evaluate the performance of the company on a daily basis to prepare and prevent risks that may occur both external and internal factors
8. To have the power to act and represent the company to third parties in necessary businesses and is a normal commercial transaction For the benefit of the company
9. Request for approval to appoint consultants in various fields that are necessary for the operation of the company or to comply with applicable laws through the executive committee and / or the board of directors
10. Perform any other duties as assigned by the board of directors from time to time

Summary of major approval authority schedules.

Subject	Position		
	Managing Director	Executive Committee	Board of Directors
1.Set a budget for the investment expenditures in assets for the year	-	-	/
2.Approval of additional capital expenditures for assets that are outside the annual budget	-	< 20 % of total budget and board of directors report	> 20% of Total budget
3.Disposal of assets other than commodities	<5,000,000 Baht and report to the Executive Committee	<10,000,000 Baht and report to the Board of Directors	> 10,000,000 Baht > 10,000,000 Baht
4. Approval for the purchase of general asset.	≤ 200,000 Baht	>2,000,000 Baht	-
5. Loan and debt instruments per time	-	≤ 300,000,000 Baht	> 300,000,000 Baht
6. Approval of the selection of the project to bid on the project.	/	-	-
7. Preliminary approval of the bidding price of the project	≤ 1,000,000,000 Baht	> 1,000,000,000 Baht	-

Note: - One approval per one time.

- The above table of approval authorities was approved by the Board of Directors Meeting No. 1/2563 on February 27, 2020.

- Approval of transactions with connected parties must be considered in conjunction with the criteria for “connected transactions” under Section 89/12 of the Securities and Exchange Act and Notification of the Capital Market Supervisory Board No. Tor Jor 21/2551, and Notification of the Stock Exchange of Thailand on Connected Transactions B.E. 2546.

- Approval of purchase or sale of assets of the Company or subsidiary companies must be considered in conjunction with the criteria for “acquisition and disposition of assets” under Section 89/29 of the Securities and Exchange Act and

Notification of the Capital Market Supervisory Board No. Tor Jor 20/2551, and Notification of the Stock Exchange of Thailand on Acquisition and Disposition of Assets B.E. 2547.

Nomination and Appointment of directors and top executives

In the selection of company directors and directors of various sub-committees (if any), the criteria and procedures are as follows:

(1) Selection of company directors

The company does not have a specific nomination committee. The board of directors will consider selecting persons to be appointed as directors or executives of the company. These must be persons who have all the qualifications under Section 68 of the Public Limited Companies Act B.E. 2535 and the relevant notifications of the Securities and Exchange Commission in accordance with the law. As well as taking into consideration other factors such as knowledge, competence, experience related to business and business operation of the company, etc., with the following criteria and procedures: -

1. Directors of the company must perform their duties in accordance with the law, objectives and regulations of the company as well as the resolution of the shareholders' meeting
2. The board of directors consists of at least 5 directors and not less than half of the directors must have residence in the Kingdom. Directors must have qualifications and not be prohibited under the law on public limited companies and other related laws.
3. The board of directors must have independent directors at least one-third of the entire board. At least 3 persons must have the qualifications of independent directors as specified in the Notification of the Capital Market Supervisory Board No. Tor Chor. 39/2016 Re: Application for and permission to offer for sale of newly issued shares.
4. Directors can hold director positions in other companies. However, being such a director must not be an obstacle to performing the duties of the company's directors and must be in accordance with the guidelines of the Office of SEC and the Stock Exchange of Thailand. In this regard, the holding of director positions in listed companies must not exceed 5 companies.
5. Directors may not operate businesses that are in the same nature and are in competition with the business of the company, or become partners or directors in other juristic persons with the same nature and competition in the business of the company, either for their own benefit or for the benefit of other persons. Unless notified to the shareholders' meeting before the appointment.

Directors and executives must report the interests of the persons involved. Which are stakeholders involved in the management of the business of the company or its subsidiaries In accordance with the criteria, conditions and procedures prescribed by the Capital Market Supervisory Board.

6. Directors and executives must report the interests of the persons involved. Which are stakeholders involved in the management of the business of the company or its subsidiaries In accordance with the criteria, conditions and procedures prescribed by the Capital Market Supervisory Board.

7. The Chairman of the Board of Directors is required to be independent and must not be the same person as the Managing Director and Chief Executive Office
8. At every annual general meeting of shareholders, one third of the directors need to retire. If the number of directors cannot be divided into three parts, the number can be closest to one third. The director who has been in office the longest retires from office first. A director who retires may be re-elected.
9. Before every annual general meeting of shareholders, the company will provide the opportunity for shareholders to propose names of persons who will replace the directors who are due to retire by rotation. The Board of Directors will collect the aforementioned names to determine the qualifications according to the relevant rules and select the appropriate names to propose to the shareholders' meeting for further approval.
10. The shareholders meeting appoint the directors according to the following criteria and methods.
 - 10.1 One shareholder has votes equal to the number of shares held, one share equal to one vote.
 - 10.2 Each shareholder may use his existing votes to elect one or more persons to be directors. In the event that several persons are elected as directors, the votes cannot be split to any number of persons.
 - 10.3 Persons who receive the highest number of votes in descending order are elected as directors equal to the number of directors to have or to be elected at that time. In the event that persons elected in descending order have equal votes in excess of the number of directors required or to be elected at that time, the person presiding over the meeting has a deciding vote.
11. In the event that the director position is vacant due to reasons other than the expiration of the term, the Board of Directors may select a person who has qualifications and does not have any prohibited characteristics under the Public Limited Companies Act and Securities and Exchange Act to be a replacement director at the next meeting of the board of directors. Unless the remaining term of the director is less than two months, the person who is replaced by the said director may hold office for only the remaining term of the director whom he or she replaces. Such resolution of the Board of Directors must be made by a vote of not less than three-fourths of the remaining directors
12. The shareholders' meeting may pass a resolution removing any director from office prior to his retirement with a vote of not less than three-fourths of the shareholders who attend the meeting and have the right to vote by having shares amounting to not less than one-half of the number of shares held by shareholders who attend the meeting and have the right to vote.

Qualifications of the Board of Directors

1. Directors of the company must have qualifications and must not possess any prohibited characteristics as specified in the Public Limited Companies Act B.E. 2535 (and as amended) and must not have characteristics indicating lack of suitability to receive trust to manage a publicly owned business as specified in the notification of the Securities and Exchange Commission, which must be a person whose name is listed in the director and management information system of the company issuing securities in accordance with Notification of the Capital Market Supervisory Board on

Criteria for Identification of Person in the Information System of Directors and Executives of the company.

2. Be a person with virtue, good work ethics and history, has enough time to devote knowledge and ability to perform duties for the company to the fullest
3. Have knowledge or experience in business operation or finance and accounting or other fields as the Board of Directors deems appropriate
4. Able to attend every board meeting and shareholder meeting. Unless there is a necessity or impossible.
5. Company directors may not operate a business that has the same nature and is in competition with the business of the company or to become a partner or directors in other juristic persons who have the same condition and are in competition with the business of the company. Whether it is done for one's benefit or for the benefit of others unless notified to the shareholders' meeting before the appointment.
6. Company's directors must notify the company without delay, if there is an impact in a contract entered into by the company, either directly or indirectly, or holds an increase or decrease in debentures in the company or affiliates.
7. Other qualifications that may be further required to comply with applicable laws and subsequently other suitability.

Election of Company's Directors and their positions

The election of the company's directors shall be made by the shareholders' meeting in accordance with the following rules:

1. One shareholder has one vote equal to 1 share per 1 vote
2. In an election of directors, the voting method may be used to elect directors individually, one person at a time, or several persons at a time as the shareholders' meeting deems appropriate. But in each vote Shareholders must vote with all the votes they have under Article 1. They cannot divide the votes to any person, so the shareholders cannot divide their votes in the election of directors according to Section 70; paragraph one of the Public Act (NON-CUMULATIVE VOTING only).
3. In voting for the election of directors, the majority of votes shall be made. If there are equal votes, the chairman of the meeting shall have a casting vote.
4. The term of the Board of Directors shall hold office for a term of 3 years. The retiring directors under this article may be elected to take office again. In addition to retiring according to the term, a director vacates office when
 - a) Dead
 - b) resign
 - c) Disqualified or prohibited under the Public Company Law
 - d) The meeting passed a resolution to dismiss
 - e) The court issued an order to leave
5. When any director resigns from office, he or she may also submit his resignation certificate to the Registrar for information.

6. Company Directors who will be directors of other companies must be approved by the Board of Directors

(2) Independent Director Recruitment

Independent directors shall possess qualifications required by the Public Limited Companies Act B.E.2535, securities and exchange laws, and notifications of the Capital Market Supervisory Board, as well as

relevant rules and/or regulations. At least one-third (1/3) of the total number of directors but not less than three (3) shall be independent directors.

Qualifications of Independent Directors

1. Hold shares of not more than one (1) percent of the total voting shares of the Company, parent company, subsidiary, associated company, major shareholder, or controlling person, which shall be inclusive of the shares held by related persons of the independent directors.
2. Not currently or never have been an executive director, employee, staff member, advisor who receives a regular salary, or controlling person of the Company, parent company, subsidiary, associated company, same-level subsidiary, major shareholder, or controlling person, unless the foregoing status has ended for not less than two (2) years prior to applying for approval from the Office. These prohibited characteristics do not include cases where independent directors have been a public servant or advisor of a government agency, which is a major shareholder or controlling person of the Company.
3. Not a person with blood relation with or legal status as father, mother, spouse, sibling, or child, including spouse of that child, to other director, executive, major shareholder, controlling person, or person who will be nominated as director, executive, or controlling person of the Company or subsidiary.
4. Not currently have or never have had any business relationship with the Company, parent company, subsidiary, associated company, major shareholder, or controlling person in a way that may affect the exercise of independent discretion. Not currently or never have been a significant shareholder or controlling person for person having business relation with the Company, parent company, subsidiary, associated company, major shareholder, or controlling person, unless the foregoing status has ended for not less than two (2) years prior to applying for approval from the Office.

The business relationship mentioned in Paragraph 1 shall include normal business transactions, leasing or leasing out property, asset or service transactions, or providing or receiving financial support including loaning or borrowing, guaranteeing, pledged assets, and other similar behaviors that cause the Company or contracting party to bear a debt obligation to pay the other party higher than three (3) percent of the Company's net tangible assets or higher than twenty (20) million baht, whichever is the lowest.

The calculation of such debt obligation shall be in accordance with the calculation method for connected transactions under the Notification of the Capital Market Supervisory Board on Connected Transactions, with the necessary changes having been made. However, the consideration of such debt obligation shall include debt obligations incurred in the period of one (1) year prior to entering into business relationship with the same person.

5. Not currently or never have been an auditor of the Company, parent company, subsidiary, associated company, major shareholder, or controlling person of the Company and not a significant shareholder, controlling person, or partner of the auditing firm of the current auditor of the Company, parent company, subsidiary, associated company, major shareholder, or controlling person, unless the foregoing

status has ended for not less than two (2) years prior to applying for approval from the Office the Securities and Exchange Commission.

6. Not currently or never have been a provider of professional services, including legal or financial consulting services receiving a fee of more than two (2) million baht per year to the Company, parent company, subsidiary, associated company, major shareholder, or controlling person of the Company and not a significant shareholder, controlling person, or partner of a provider of such professional services, unless the foregoing status has ended for not less than two (2) years prior to applying for approval from the Office the Securities and Exchange Commission.

7. Not currently a director appointed to represent the Company's directors, major shareholder, or shareholder related to major shareholder.

8. Not currently operate business similar to and significantly competing with the Company or subsidiary, or not a significant partner of a partnership, or not an executive director, employee, staff member, or consultant receiving a regular salary or hold more than one (1) percent of the total voting shares of other companies operating business similar to and significantly competing with the Company or subsidiary.

9. Not under any conditions that may be impeded from having independent views about the Company's operations. Independent directors may be assigned by the Board of Directors to make decisions about the operations of the Company, parent company, subsidiary, associated company, same-level subsidiary, major shareholder, or controlling person of the Company in a collective decision process.

In case where the person appointed as independent director has or used to have a business relationship or has provided professional services exceeding the value specified under Clauses 4 or 6, the Company's Board of Directors shall demonstrate that it has considered in compliance with Section 89/7 that the appointment of such person does not affect the performance of duties and expressing of independent opinions, and disclose the following information in the notice of shareholders' meeting, during which independent directors are appointed:

- (a) Business relationship or professional service that makes such person's qualifications not in compliance with the rules;
- (b) Reasons and needs for appointing such person as independent director;
- (c) Opinions of the Company's Board of Directors for proposing to appoint such person as independent director.

Term and election of independent directors

1. The independent committee shall hold office for a term of 3 years. The independent committee who vacates office upon the expiration of the term may be reappointed. In addition to the termination as mentioned above, an independent director will vacate when
 - a) dead
 - b) resign
 - c) lack of qualifications as an independent director under the rules or according to the regulations of the Stock Exchange of Thailand Including related laws
 - d) retirement as a director of the company
 - e) (E) Shareholders meeting or the Board of Directors resolves to vacate office
 - f) dismissal because of order from the court
2. Any independent director, who will resign from office, must submit a resignation letter to the Chairman of the Board of Directors, which should be notified in writing at least 1 month in advance

with reasons. Whereby the company will notify about the resignation together with a copy of the resignation letter to the Stock Exchange of Thailand. In the event that the independent directors vacate their positions as a whole, the independent committee who vacates office shall be in charge of the position for further action until the new independent committee takes over.

3. In the event that the position of independent director is vacant due to reasons other than the expiration of the term, the Board of Directors shall appoint a qualified person to become an independent director within 90 days in order to allow the number of independent directors to reach the number specified by the Board of Directors. The person who can serve as an independent director may hold office for the remaining term of the independent director whom he or she replaces.

(3) Selection of the Audit Committee

The company has the criteria for selecting and appointing the audit committee according to the qualifications as follows: -

1. Audit Committees consist of at least 3 independent committees.
2. The Audit Committee has appropriate skills and expertise according to the assigned mission. At least 1 member of the audit committee must have knowledge, understanding or experience in accounting or finance.
3. The board of directors of the company shall select and appoint an audit committee member to be the chairman of the audit committee.
4. Assign a manager of the internal audit department or someone with knowledge and competence in internal auditing to be secretary of the audit committee.

Qualifications of Audit Committee

1. Hold not over 1% of total shares with the voting right of the company, parent company, subsidiary or involving company, therefore, count all the stock that hold by all involving people.
2. Not involve in management, not being an employee, officer or advisor who receive the company salary. Or being an authorized person of the company, parent company, subsidiary, involving company or subsidiary at the same level of the company, major shareholder, or owned by an authorized person of the company, excepting for obsoleting from such status for more than 2 years before the day submitting request permission form to SEC. However, such forbidden qualifications are not included in being a governmental officer or consultant of government who is a major shareholder or an authorized person of the company.
3. Not being the one who involved in genetic relationship or legal relationship in cases of father, mother, spouses, siblings, descendants, spouse of descendants with other directors, management team, major shareholders, authorized persons, including proposed person to be directors, management team, authorized person of the company or subsidiary.
4. Not being the one who involve in business with the company, parent company, subsidiary, involving company, major shareholder, authorized persons of the company in case of conflict with own independent decision. Also, not being the one who holds significant shares or being authorized persons who related to business of the company, parent company, subsidiary, involving company, major

shareholder, authorized persons of the company, excepting for obsoleting from such status for more than 2 years before the day submitting request permission form to SEC. These business relationships include normal commercial transactions to operate, renting or leasing properties, financial servicing, assets or services' creditors or debtors, guarantors, guarantees, giving assets to be collaterals, and other related behaviors which effect to the company or another parties shall have a duty to pay in amount of least 3% of total net tangible assets of the company, or more than Baht 20 million, depending on which number will be lower. However, this criteria shall consider only total debt balance within 1 year before such business relationship occur for each one.

5. Not being the one who is or used to be accounting auditors of the company, parent company, subsidiary, involving company, major shareholder, authorized persons of the company, and not being significant shareholders, authorized persons, partners of the auditors company which accounting auditors of the company, parent company, subsidiary, involving company, major shareholder, authorized persons affiliated with, excepting for obsoleting from such status for more than 2 years before the day submitting request permission form to SEC.

6. Not being the one who is or used to be professional servicing, legal consulting, financial consulting, who receive fees in amount of more than Baht 2 million per 1 year from the company, parent company, subsidiary, involving company, major shareholder, authorized persons of the company, and not being significant shareholders, authorized persons, partners of such professional servicing, excepting for obsoleting from such status for more than 2 years before the day submitting request permission form to SEC.

7. Not being the one who is designated to be substitute of directors of the company, major shareholders, or shareholders who related to major shareholders.

8. Not operate the same kind of business and competitive with the company or subsidiary. Not being a partner in partnership or executive directors, employees, officers, consultants who receive routine salary, or holding over 1% of total shares with the voting right of a company which operates the same kind of business and competitive with the company or subsidiary.

9. No any other qualifications that effect to inability of independent comments about operation of the company.

Terms of service of the Audit Committee

The terms of service of the Audit Committee are as follows:

1. The Audit Committee shall hold office for a term of 3 years and the Audit Committee who vacates office upon the expiration of the term may be reappointed. Other than the termination of office as mentioned above, the Audit Committee members vacate when
 - b) dead
 - c) resign
 - d) Lack of qualifications as an audit committee member under this charter or according to the regulations of the Stock Exchange of Thailand.
 - e) Retirement from being a director of the company

2. Any audit committee member who will resign from office, must submit a resignation letter to the Chairman of the Board of Directors, which should be notified in writing at least 1 month in advance including reasons, and approved by the Board of Directors. The company will inform the resignation with a copy of the resignation letter to the SET. In the event that the audit committee members vacate their positions as a whole, the Audit Committee who vacates office shall be in charge of the position.

In the event that the position of the audit committee is vacant due to any reason other than the expiration of the term, the Board of Directors shall appoint a qualified person to replace the Audit Committee within 90 days in order for the Audit Committee to reach the number specified by the Board of Directors. The person who can replace the member of the audit committee can hold office for the remaining term of the member of the audit committee whom he or she replaces.

(4) Selection of the Risk Management Committee

The company has the following criteria for selecting and appointing the risk management committee: -

1. The Board of Directors appoints the Risk Management Committee by selecting at least one member of the Board of Directors. At least one member of the Risk Management Committee must be an independent director.
2. A person who has business understanding and has direct experience in business. To formulate a risk management policy that covers the entire organization as well as oversees a risk management system or process to reduce the impact on the Company's business appropriately.
3. The Risk Management Committee is required to appoint a secretary. Risk Management Committee, which may be the head of the business support function or a person that the Risk Management Committee deems appropriate. Such person must support a business or a person that the Risk Management Committee deems appropriate and must support and assist in the implementation. Perform duties of the Risk Management Committee as well as prepare agendas and record the minutes of the Risk Management Committee meeting.

Risk Management Committee's Qualifications

Risk Management Committee must have the following qualifications

1. Appointed by the Board of Directors
2. Have knowledge, experience and expertise in corporate business, legal and other fields.
3. Have maturity and stability. Dare to express a different opinion and be independent
4. Be able to devote their time to their duties

Term of the Risk Management Committee

Risk Management Committee members hold office for a term of no more than 3 years.

(5) Selection of Executive Directors

The company has the following criteria for selection and appointment of executive directors: -

The Board of Directors appoints the Executive Directors. It is selected from the directors or senior executives of the company who can manage the matters relating to the normal operation and management of the company. Being able to set policies, business plans, budgets, administrative

structures, including the audit and monitoring of the Company's performance in accordance with the policies set by the Board By having the following powers and duties

1. Prepare and propose business policies, goals, operational plans, business strategy and the annual budget of the company for the approval from the Board of Directors
2. Determine the business plan, budget and various administrative powers of the company for the approval from the Board of Directors
3. Supervise the company's business operations in accordance with the business policy, goals, operational plans, business strategy and the budget approved by the Board
4. Have the power to consider and approve the expenditure of money for investment or other operations, any loan or loan application from financial institutions as well as being a guarantor For normal business transactions of the company for the benefit of operating according to the objectives of the company. All these actions must be within the specified amount. Such actions must be subject to the notification of the Stock Exchange of Thailand, Securities and Exchange Commission Capital Market Supervisory Board Or any other laws on related matters as well
5. Determine the organizational structure and management authority that covers the details of the selection, hiring, relocation, training and dismissal of the company's management staff or senior management by assigning the Managing Director of the Company to be the authorized person on behalf of the company to sign the recruitment contract.
6. Supervise and approve matters related to the operations of the company and may appoint or assign any person or multiple persons to act on behalf of the Executive Committee as deemed appropriate. The Executive Committee can cancel, change or amend such power
7. Have the power to appoint consultants in various field that are necessary for the operation of the company or to comply with applicable laws
8. Perform any other duties assigned by the Board of Directors.

The delegation of powers, duties and responsibilities of the Executive Committee will not look like a delegation or delegate power during which the Executive Committee or an authorized person of the Executive Committee be able to approve items that may have conflicts. Have interests in the company or subsidiaries (as defined in the Notification of the Securities and Exchange Commission). The approval of such transactions must be submitted to the meeting of the Board of Directors and / or the shareholders' meeting (as the case may be) to approve the said transaction as required by the regulations of the company or the relevant laws except the approval of transactions with normal business conditions with clear boundaries.

6) Selection of the Managing Director

The company has the following criteria for selecting and appointing the managing director: -

The Board of Directors of the company shall appoint the Managing Director to perform the duties of managing the company. Therefore, the Managing Director's powers and duties are determined as follows:

1. Prepare long-term work plans (3 years) and short-term plans (1 year), including investment plans in various projects, as well as formulating strategies that support long-term plans to achieve their goals
2. To formulate policies and strategies for marketing and sales including public relations plans and promotion plans that suit the domestic and international markets
3. Monitor and evaluate the current business situation and future trends in order to develop new business and increase product distribution channels
4. Organize and work with the power to define the organizational structure Issuing rules, regulations, orders, circulars, determination of lines of command. Setting the approval power including setting job levels, Job Description and Job Specification
5. Has the power to conduct any business that is comply with the objectives, policies, regulations, orders, as well as the resolutions of the Board of Directors' meetings or the resolution of the shareholders' meeting of the company
6. Have the power to issue orders, regulations, announcements, records in order to perform operations in accordance with the policy and the benefits of the company also to maintain work discipline within the organization
7. Follow up and evaluate the performance of the company on a daily basis to prepare and prevent risks that may occur both external and internal
8. Have the power to act and represent the company to third parties in necessary businesses which is a normal commercial transaction for the benefit of the company
9. Request for approval to appoint consultants in various fields that are necessary for the operation of the company or to comply with applicable laws through the Executive Committee and / or the Board of Directors
10. Perform any other duties as assigned by the Board of Directors from time to time

In this regard, the authority to act in any act that may cause a conflict of interest between the managing director or the person having interest with the company or subsidiary, as stipulated in the laws and notifications of the Securities and Exchange Commission or of the Stock Exchange of Thailand, is not considered within the scope of the Managing Director's authority to consider and vote in such juristic act, either by his own discretion or to assign another person to act on his own behalf. In such case the juristic act must be presented for approval through the audit committee to present to the board of directors and / or the shareholders' meeting (depending on the case) as specified in the Articles of Association of the Company and according to the law

Dividend Payment Policy

The Company has a policy to pay dividends of not less than forty percent (40) of the net profit in the separate financial statements after tax, legal reserve, and other reserves (if any). The Company shall consider dividend payment in the best interest of shareholders, and the dividend payment shall not cause significant impact on the Company's normal operations. However, the dividend payment is subject to change, depending on the Company's operating results, financial position, liquidity, need for working

capital, investment plan, and future business expansion, as well as market condition, appropriateness, and other factors related to the operations and management of the Company.

Policy on supervision of operations of subsidiaries and associated companies

- The company will invest in businesses that are related or that will benefit and support the company's business operations in order to strengthen its stability and performance of the company. Such investment approval must be obtained from consideration of the investment proportion, expected profit and the risk that may arise from the Board of Directors meeting and / or the shareholders' meeting in accordance with the specified approval authority.
- The company will send a representative of the company to be the director of the subsidiary and / or associated companies according to the percentage of shareholding in each company In order to supervise the subsidiaries and / or associated companies to operate in accordance with company policies and related laws.
- If entering the transaction or any operation of a subsidiary that falls within the scope of or is an acquisition or disposition of assets according to the Notification of the Capital Market Supervisory Board No. Tor Chor. 20/2551 and the Notification of the Stock Exchange of Thailand on Disclosure of Information and Actions of Listed Companies in Acquisition or Disposition of Assets B.E. 2547 and its amendments or a connected transaction according to the Notification of the Capital Market Supervisory Board No. Tor Chor. 21/2551 Re: Rules on Connected Transactions and the announcement of the board of directors of the Stock Exchange of Thailand regarding information disclosure and conduct of listed companies on connected transactions 2003 and as amended. Subsidiaries can enter into the transaction or proceed with the approval from the Board of Directors' meeting and / or the shareholders' meeting of the company and / or related agencies Is completed

In addition, if in the transaction or the occurrence of certain events of the subsidiary that cause the company to be required to disclose information to the Stock Exchange of Thailand in accordance with the prescribed rules, representatives of the respective subsidiaries are obliged to notify the company as soon as they become aware of any plans to enter into the transaction or if such an event occurs.

- Board of Directors and management of subsidiaries and / or associated company have significant scope, authority and responsibility under the relevant laws, such as disclosure of information on financial status and operating results to the company by applying the relevant notices mutatis mutandis as well as disclose and submit personal interests information and related persons to the Board of Directors on the relationship and transactions with the company, subsidiaries and / or associates In a manner that may create a conflict of interest and avoid making transactions that may lead to conflicts of interest.
- The company will set up a plan and take the necessary actions to ensure that the subsidiary and / or associated companies disclose information on operating results and financial status. In addition, the company will take necessary action and monitor the subsidiary and / or associated companies to have sufficient and appropriate information disclosure and internal control systems in their business operations.

Investment Policy in Associated Companies or Subsidiaries

If the Company has a need to consider investing in subsidiaries, associates and any related companies, the company will focus on investing in businesses that support and benefit to the business of the company by considering the return and other benefits that the company expects to receive from the investment in order to support and promote the business of the company with appropriate and the expected return from investment for the benefit of the shareholders of the company is important. The company will control by sending directors and / or assigned person of the company to represent in proportion to their shareholding to participate in the management of that business as well as having voting rights at the Board of Directors 'meetings and shareholders' meetings in order to maximize the benefits of the company.

Policy on the control of the use of inside information

The Board of Directors realizes the importance of using the company's inside information for personal gain, therefore; the policy is to keep inside information confidential between those involved only. It also imposes severe penalties for those who use the company's inside information. With details as follows

1. Educate the Directors and Executives regarding the reporting obligations of one's securities holding, spouse or cohabitant as husband and wife and underage children Including juristic persons in which such persons hold shares altogether more than 30 percent of the total voting rights and has the highest shareholding in such juristic person (single juristic person count) to the Office of the Securities and Exchange Commission under Section 59 and the penalties under Section 275 of the Securities and Exchange Act B.E. Section 246 and the penalties under Section 298 of the Securities and Exchange Act B.E. 2535 (including any amendments)
The directors and executives of the company who have their duties as per 1. prepare and disclose reports securities holding and report on changes in the company's securities holding to the Securities and Exchange Commission pursuant to Section 59 and the penalties under Section 275 of the Securities and Exchange Act B.E. 2535 (including as amended) and submit a copy of this report to the company on the same day as the submission date of the report to the Office of the Securities and Exchange Commission.
2. Directors, executives, employees and employees of the company, anyone who is aware of material insider information affecting changes in securities prices must exercise caution in trading in the company's securities in the 30 days before the financial statements or inside information are released to the public and during the 24 hours period after the company's inside information has been made public. Persons concerned with inside information must not disclose such information to others until such information has been notified to the SET regarding penalties if action is taken to violate the above regulations. The Company constitutes a disciplinary offense in accordance with the company's work regulations, with reasonable penalties such as verbal warning, a warning in writing, probation, as well as termination of employment or dismissal, as the case may be.
3. It is prohibited for directors, executives, employees and employees of the company to use the company's inside information that has or may affect the price change of the company's securities which has not yet been disclosed to the public. Which he had known in such a position or position used for buying or selling or offering to buy or offer for sale or persuade others to buy or

sell, or offer to buy or offer shares or other securities (if any) of the company, either directly or indirectly, in a manner that is likely to cause damage to the company, either directly or indirectly and whether such actions will be done for the benefit of oneself or others or to reveal such facts to allow others to do so which he received any benefits or not.

4. Require directors and high-level executives to notify the board of directors or other persons assigned by the board of directors about the trading of the company's shares at least 1 business day in advance.

Performance evaluation and development knowledge

The Company requires the Board of Directors to conduct self-assessment at least once a year, every year to enable the Board to review its performance, issues, and obstacles during the previous year and increase the Board's effectiveness. The Company sets in place processes, procedures, and instruments to allow Management and Committees to monitor operation performance improvement, and evaluation. If the operating results differ from the predetermined goals, the Company shall make corrections within an appropriate time period. The Company has consistently complied with the internal control system and reports the audit results to the Audit Committee every quarter. The Audit Committee performs duties independently in analyzing the report. In the past year, the Company was able to operate with sufficient care and caution.

The Company secretary shall propose the Board of Directors assessment forms to all members so they can assess their performances during the past year both collectively and individually. When complete the forms, they will send them back to the company secretary who then collects the results of each member, summarizes and analyzes the performances of the Board of Directors during the year. When complete the forms, they will send them back to the company secretary who then collects the results of each member, summarizes and analyzes the performances of the Board of Directors during the year. The company secretary will then submit the results to the Board of Directors for consideration in order to achieve the aforementioned objectives.

The assessment of performance on a collective basis. The areas to be assessed are:

1. Structure and qualifications of the Board of directors
2. Meetings
3. Roles, duties and responsibilities of the Board
4. Relationship with management
5. Self-development of directors and development of executives

The performance assessment of the directors

Assessment Topic	Full marks	Average
1. Structure and qualifications of the Board of directors	100	89
2. Meetings	100	92
3. Roles, duties and responsibilities of the Board	100	94
4. Relationship with management	100	94
5. Self-development of directors and development of	100	97

executives		
------------	--	--

Assessment results of the Board of Directors individually and by group

Assessment topic	Full score	Mean
1. Self-assessment of the Board of Directors as a group	100	90
2. Self-assessment of the individual board of directors	100	96
3. Self-assessment of the audit committee as a group	100	89
4. Individual audit committee self-assessment	100	95
5. Self-Assessment of the Risk Committee as a Faculty	100	93
6. Individual risk committee self-assessment	100	95
7. Self-assessment of the Executive Committee as a faculty	100	96
8. Self-assessment of the individual executive committee	100	98

Orientation and Development of Company Directors

The Company realizes the importance of building a basic understanding of the company's business operations and operations for new directors before attending the first board meeting. The Board of Directors has assigned the Company Secretary to prepare and submit documents, rules, regulations, and other important ethics that are relevant and beneficial to the performance of duties of new directors, such as shareholder structure, Capital structure Articles of Association Nature of business, handbook of directors of listed companies, code of business conduct of the company principles of good corporate governance prepared by the Stock Exchange of Thailand and the Securities and Exchange Commission, etc., as well as introducing the overview of the organization, brief biography of the company's directors and executives, and required training / development courses for listed company directors.

In 2020, the company did not appoint new directors. However, the Board of Directors has reviewed relevant information and beneficial to the director's performance, including the Board of Directors' charter, charter of the audit committee, good corporate governance policy, company regulations, shareholder structure, capital structure, nature of business handbook of directors of listed companies, the company's business ethics and good corporate governance principles prepared by the Stock Exchange of Thailand and the Securities and Exchange Commission, etc. including vision, mission, corporate values, organization overview, brief biography of the company's directors and executives, all necessary training / development courses for listed company directors.

Development of Directors and Management

The company has a policy to promote training and provide necessary knowledge to the directors and executives involved in the corporate governance system of the company. Which consists of Company Directors, Audit Committee, Risk Management Committee, Executive Director, Managing Director And all company executives in order for the work to be continually evolving. Also stipulating guidelines for organizing the company's personnel development activities in accordance with the company's 3-year business plan and the company's annual action plan under the framework of good corporate governance. The company aims to develop the skills of the executives to suit the skills they should have at each level covering 3 areas: Conceptual Skill, Human Skill and Technical Skill.

Training for directors, sub-committees, executives, secretaries and related persons

Board of Directors encourage directors, sub-committees, management, company secretary and those involved in the system of corporate governance of the company has attended training, seminars, courses or activities organized by the Thai Institute of Directors Association, the Securities and Exchange Commission (SEC), the Stock Exchange of Thailand or other independent organizations on an ongoing basis that will benefit the performance of duties more efficiently and to facilitate the Board of Directors. The company secretary was assigned to be a coordinator with the executive director and related persons to inform the training courses and to register to attend training seminars in courses or to participate in various activities. The details of the training courses from the Thai Institute of Directors Association (IOD) of directors are shown in the report Attachment 1 under the topic "director, executive, controlling person and company secretary "

For the year 2020, directors, sub-committees, executives, company secretary and those involved passed the training courses organized by the Thai Institute of Directors Association (IOD) and additional courses organized by other institutions as follows.

Name	Session	Training agency
Mr.Kraingsak Buanoom	FTE Hotel # 2	V P Coaching and consulting Co., Ltd.
Mr.Kriangkrai Buanoom	Shareholder Meeting and Board Meeting	Dharmniti Seminar and Training Co.,Ltd.
	Basic of Microsoft Teams	In-House training
	IT Governance and Cyber Resilience Program #13/2020	The Thai Institute of Directors Association
	Smart Disclosure Program (SDP)	The Stock Exchange of Thailand
Mr.Vayu Tongpoon	Director Certification Program (DCP) # 298/2020	The Thai Institute of Directors Association
	Entrepreneurship preparation course # 6	The Business Incubation School BIS
	Smart Disclosure Program (SDP)	The Stock Exchange of Thailand
Ms. Pakamon Chanhom	Smart Disclosure Program (SDP)	The Stock Exchange of Thailand
	Financial Statements for Directors (FSD) # 43/2020	The Thai Institute of Directors Association
	CFO's Orientation Course for New IPOs	The Stock Exchange of Thailand
Mrs.Ploypatcha Buanoom	Smart Disclosure Program (SDP)	The Stock Exchange of Thailand

Access to important information

Reporting the interests of directors and management as information for the company to support the conduct of connected transactions that may cause a conflict of interest of the company in order to

comply with Section 89/14 of the Securities and Exchange Act B.E. 2551 and its amendments and the announcement of the Capital Market Supervisory Board No. Tor Chor. 2/2552

Succession Plan

The Board of Directors supervises the company so that there is a succession plan for the top management. The company has set a process of recruiting personnel to serve as directors and / or high-level executives that are in line with succession plans. The recruitment of the company will be based on both internal and external personnel by taking into account the knowledge, skills, abilities, experiences that are suitable for the company's business operations. Assigned the Executive Committee to review the plan annually. Along with promoting the managing director and the high-level executives to increase their knowledge, useful experience in various areas related to their duties in order to create confidence for shareholders, investors, business partners, as well as employees at all levels of the organization. If the executive who holds the key position is suddenly vacant, the company will still have the competent executives to inherit important positions in the future.

At each meeting of the Board of Directors, the board of directors encourages senior management to attend meetings that are directly related to the issue / problem presented in order to clarify additional information as appropriate so that the board of directors gets to know the top management and to use such information for consideration.

Social Responsibility

Corporate social responsibility means operating a business with regard to stakeholders, economy, society and environment with morality and ethics as well as having good governance in operating the business with honesty, transparency and verifiable. The company operates its business with responsibility towards society, environment and stakeholders in accordance with the principles of social responsibility guidelines of the Stock Exchange of Thailand by establishing policies and guidelines for the company to be used as part of the business process management (CSR-in-Process) as follows:

(1) Fair Business Operation

The company has set guidelines for the care of stakeholders in the business ethics manual by taking into account the responsibility to stakeholders ranging from shareholders, employees, customers, business partners, contractors, community, society and environment. It also promotes free trade competition, avoiding activities that may cause conflicts of interest and violations of intellectual property against all forms of corruption. The growth of the company will go hand in hand with the improvement of quality of employee life, community and society, whereby the following guidelines have been laid down

1. Avoid activities that may create conflicts of interest or if found that there is a conflict of interest the company should provide fair mediation processes and complete disclosure of important information.
2. Promote free competition, avoiding the behavior of favor one's favor or conspiracy
3. Does not support any transaction that violates intellectual property or copyright
4. Provide a management system that can prevent bribery and corruption or can be detected without delay. Implement an effective problem solving process and provide fairness if such a case occurs
5. Promote to directors, executives and employees so that they recognize the importance of anti-corruption, extortion and bribery in all its forms

(2) Anti corruption

The company emphasizes prevention of involvement in corruption by implementing an anti-corruption policy that prohibits all types of corruption of directors, executives, and employees of the company. The Company has a written policy and approved by the resolution of the Board of Directors Meeting No. 1/2019 on the 26th February 2019 covering anti-corruption issues. To enable all directors, executives and employees to understand the ethical standards used by the company in business operations. Along with monitoring to take such ethical compliance seriously. The relevant guidelines can be summarized as follows:

1. Build awareness, values, and attitudes of employees in performing their duties in accordance with laws and regulations, with honesty and integrity.
2. All directors, executives and employees must perform their duties in accordance with the Anti-Corruption Policy. Not getting involved with corruption, either directly or indirectly and should

not ignore it when encountering an action that falls within the scope of corruption related to the company.

3. Provide an efficient and effective internal control system with an appropriate check and balance of power in order to prevent employees from being corrupt or involved in various corruption
4. Establish an effective internal audit system covering finance and accounting. to ensure that such financial transactions are accurate, transparent and verifiable.
5. Company Directors, Executive Officers and Employees are prohibited from performing any acts of claiming or accepting the property or any other benefits for oneself or others who are motivated to act or refrain from performing duties in an unlawful way or may cause the company to lose a legitimate benefit.
6. Establish principles of giving or accepting gifts, objects or entertainment that may cast doubt on corrupt or bribery behavior. If accepting gifts, it should be reasonable and must not be in cash or cash equivalents. Any action must be under transparency and accountability.
7. Establish regulations for procurement, disbursement and making any contract. Each step must have clear evidence and appropriate and concise approval authority.
8. Company directors, executives and Employees are prohibited from giving or offering to give assets or any other benefits to third parties in order to induce that person to act or omit any act that is unlawful or unlawful in his position.

Scope and practice

1. The company requires all directors, executives and employees must be careful about the following form of corruption:

▪ Giving or receiving a bribe

Do not give or receive bribes of any kind either by yourself or by assigning others to act on their behalf.

▪ Giving or receiving gifts, entertainment and other benefits

Giving or receiving gifts, entertainment and other benefits from customers, business partners or other involved persons must follow the company's code of conduct.

▪ Charity donation, public benefit and grants

The company requires the donation to charity, public benefit and grants as follows:

1) It must be transparent, legitimate, not against morality and does not cause any damage to the public

2) Follow the procedure of approving items for donation which the company has defined.

2. The company is committed to create and maintain an organizational culture that adheres to corruption as unacceptable in both public and private transactions.

3. Directors, executives and all employees should not be ignored when see an action that falls within the scope of the corruption related to the company. They must notify the supervisor or the person in charge and cooperate in investigating facts.

4. The company provides fairness and protection to employees who reject corruption or whistleblowing about corruption related to the company without any punishment or adversely affecting those employees, even if that action may cause the company to lose any business opportunity.

5. The anti-corruption policy covers personnel management processes since the selection of personnel, promotion, training and employee performance appraisal. Supervisors at all levels must communicate with their employees so that they can follow the policy effectively.

Measures and operational guidelines

1. The company will support and encourage directors, executives and employees at all levels to realize the importance and awareness of anti-corruption as well as establish internal control to prevent corruption, bribery in all forms and countries that the company's group has invested in. Therefore, the HR department has to organize the training to educate employees.

2. This anti-corruption practice cover personnel management processes since recruiting, promotion, training, performance appraisal and employee compensation. Supervisors at all levels must communicate with their employees so that the employees can use it in their business activity that they are responsible for and the supervisors can supervise operations to be accordance with this guideline.

3. The company will provide fairness and protect employees or any other person who gives clues or evidence of corruption related to the company. Including employees who refuse to act by taking protection measures. Complainants or those who cooperate in reporting fraud corruption as defined in Whistleblowing or Complaints Policy and providing protection for whistleblowers or complaints. They will also regularly review the guidelines and operating measures to be in line with the changes in the law and business conditions. Fraudsters are an offense in accordance with the work regulations governing personnel management for employees which must be considered disciplinary action including punished by law if it is illegal.

Monitoring and evaluation

The company assigns the Secretary of the Audit Committee to coordinate, monitor and evaluate the implementation of the Anti-Corruption Policy and submit the results of the monitoring and evaluation to the Audit Committee and the Board of Directors for further acknowledgment.

Whistleblowing or Complaints Policy and protection of whistleblowers or complaints

The company encourages executives and employees at all levels conduct business with accuracy, transparency, fairness and accountability. This is in line with good corporate governance and business ethics of the company. The company expects everyone to report in good faith about any practices that are contrary to or suspected to be contrary to the said matter. In order to work together to find a way to prevent, revise or proceed any action to be correct, appropriate, transparent and fair. To ensure that the supervisors and relevant departments of the company have the duty to supervise and advise, as well as to monitor behavior and actions of directors, executives and employees to be correct

and such informers will be protected if it is done with honesty and fairness. When there is a doubt or a reason to believe in good faith that a violation or non-compliance with the law, regulation, good corporate governance, business ethics, policies, procedures, requirements or rules of the company has occurred, employees should ask or consult with their supervisor first.

Channels for whistleblowing or complaints

The company provides a communication channel for stakeholders to report, suggestion or complaint in case of fraud and guidelines about giving or receiving the gift, any other property or benefit that must proceed with transparency and fairness under the rules and procedures of the company. The company has informed about working regulations to all executives and employees so that everyone knows and practices correctly.

Whistleblowing or complaints

The company has appointed a company secretary to be the recipient of complaints directly and has a joint audit committee to verify the correctness. Establish a policy for an effective internal control system and transparent and verifiable reporting in order to make the complainant trust and believe in fair investigation process, including setting up a policy to protect whistleblowers and for those who make a complaint including an employee, customer or a person employed to work for the company which is detailed in the corporate governance policy of the company.

In the event that any beneficial persons have doubt or suspected violations or non-compliance with laws, regulations or business ethics. They can report clues or complaints by sending details and evidence through the channel below:

By mail

To Chairman of the Audit Committee or Company secretary

Well Graded Engineering Public Company Limited 50/1203 Moo 9, Bang Phut Sub-district, Pak kret District Nonthaburi 11120

By e-mail

Chairman of the Audit Committee <wikrom@wge.in.th> or Company secretary <secretary@wge.in.th>

Phone: 02-981-7992

Fax: 02-981-7995

Actions when receiving complaints

Complaint recipient, Chairman of the Audit Committee and/or Company secretary

- In case the complainant sends information to the company secretary, the company secretary must report or submit (if any) the complaint to the Audit Committee to examine the complaint at least once a quarter.

- When the Audit Committee receives a complaint; they must consider and report the conclusion of the complaint, which has been terminated, to the Board of Directors in an appropriate period of time.

In case the complainant sends information to the Human Resources and Administration Department, the Human Resources and Administration Department must submit a complaint to the Company Secretary in order to submit to the Audit Committee to examine the complaint at least once a quarter.

Measures to punish offenders

The company will investigate the information related to complaints and clues of wrongdoing and corruption with freedom and fairness. To obtain evidence that is able to prove or contend with the received information. It will offer action guidance to the Audit Committee and the Board of Directors to consider ordering and setting guidelines for corrective action and consider disciplinary action in accordance with the regulations set by the company or be punish by law

Measures for the protection of whistleblowers or complainant

To build confidence for whistleblowers or complainant with good faith intent that they will be protected by the company in accordance with the following measures

1. For Whistleblowers, complainants, or those who cooperate in the investigation, the company will not disclose name, surname, address and any other identifiable information. After that the company will investigate whether there is any underlying truth or not. The company will keep all relevant information confidential and disclose it only necessary by taking into account of the safety and the damage of the whistleblower or complainant or those who cooperate in the investigation source of information or related persons.

2. In case of whistleblower or complainant or those who cooperate in the investigation, predict that he or she may have been unsafe or may have suffered damage, may request the company to prescribe appropriate protection measures, or the company may prescribe appropriate and fair measures to protect the whistleblower or complainant or those who cooperate in fact-checking, do not request If it is seen that it is a matter that is prone to damage or insecurity.

3. The company will not act unfair to the whistleblower or complainant either by changing the job title, job description, working space, resting, threatening, interfering with the performance, dismissal or any other manner of practice which is unfair to the whistleblower or complainant

In 2020, the company has not received any complaints from any interested person. The company secretary reports the results of receiving various complaints to the Audit Committee and the Board of Directors on a quarterly basis.

(3) Respect for human rights and fair treatment of labor

Respect for human rights means treating stakeholders surrounding community and society with respect for human values and does not violate their basic rights, The company intends to respect and not violate human rights by implementing the following guidelines

1. Support and respect the protection of human rights by regularly inspecting and ensuring that businesses do not get involved in human rights issues.
2. Promote monitoring of human rights compliance requirements within its business and encourage the implementation of human rights principles according to international standards. The human rights responsibility also extends to affiliates, venture capitalists and trading partners.
3. The company will treat all personnel of the company equally. Not discriminating against the place of origin, race, gender, age, skin color, religion, physical performance, national status, family, educational institution or any other status not directly related to performance.
4. The company gives all its personnel the opportunity to show their talents with reasonable compensation and create motivation to work in the form of salaries, bonuses and expenses for the appropriate operations according to the company's regulations as well as giving opportunities for company personnel to further study at the university level and training both short and long term
5. All company personnel must perform their duties with their own responsibilities to the best of their ability with honesty, fair, upholding virtue. Do not delegate their duties to any person to act on their behalf either direct or indirect, unless it is necessary or for convenience and speed in jobs that do not require their specific abilities
6. Company personnel must perform work in accordance with the chain of command. Take orders and take direct responsibility to their supervisors. Do not skip the chain of command if not necessary. Avoid criticizing their supervisors and colleagues that could cause damage to that person or to the company. Company personnel will open up opportunities and listen to the opinions of subordinates and colleagues consciously without prejudice.
7. Company personnel are able to use company resources, labor, premises and facilities fully on duty. they cannot use resources, labor, premises and facilities for any purpose other than the performance of their duties or welfare that they have the right
8. Company personnel must have a polite manner, dress appropriately and behave appropriately for the job duties and local customs. Not creating a detriment to the image of the company
9. Company personnel can use their names and their positions to raise money for corporate-organized charities. But cannot use the name of the company or position in the company in soliciting money personally in any situation.
10. Company personnel should cooperate in the activities organized by the company to create unity, help and support each other including social activities organized by the company.

11. Company personnel are prohibited from doing any act that causes annoyance, nuisance, discourages others, causes hostility or interferes with operations that are sexually harassing, whether to employees of the company or third parties that come into contact with business. This includes sexual immorality courting, harassment, indecency and the existence of pornography both verbally and touches.

WGE Share and Care, Far Away from Covid-19



Health check-up activity for foreign workers



(4) Responsibility to customers and consumers

The Company realizes the importance of human resource development and treats workers with fairness. This is a factor that will increase the value of the business and strengthen the competitiveness and sustainable growth of the company in the future. To promote a better quality of life at work, create motivation for work and to develop full and continuous working potential including paying attention to welfare, process of working, workplace and supply of protective equipment in accordance with the Thai labor law strictly, the company has established policies and guidelines as follows:

1. The company is committed to developing a complete construction service with fast and quality service to meet the needs of customers and consumers continuously. Company personnel must be dedicated to meeting the needs of customers and consumers to the fullest with reasonable prices, responsive with the situation with quality without limiting the rights of consumers and have fair conditions for consumers.
2. The company must not do anything which is deceptive or make believe the quality of construction and services of the company that may be exaggerated.
3. The company is committed to improving the safety of the company's services. Consumer safety is of paramount importance. The company implements warning signs, continuously inspect the safety of the workplace and train employees on the safety of consumers.

(5) Caring for the environment

The company has given importance to social responsibility in all aspects, especially the impact that may occur on the environment from the Company's business operation. As well as cultivating good conscience for employees, including creating an organizational culture by creating awareness of employees to love and cherish the natural resources and environment of communities and the country. The Company has taken action and taken to reduce the environmental impact as follows.

1. The company promotes safety as a priority by establishing requirements and standards for quality, safety, occupational health and environment. With measures not less than those required by law in accordance with international standards. Company personnel must study and strictly abide by the relevant laws, policies, requirements and standards for quality, safety, occupational health and environment.
2. Every effort will be made to control and prevent any form of loss arising from a fire accident, injury or work-related illness, lost or damaged property, security violation, improper operation and mistakes that have occurred. As well as to maintain a safe working environment for the Company's personnel. Implements the security plan and rehearses on a regular basis. It is the responsibility of management and employees to report accidents and incidents by following the established procedures.
3. The company provides emergency control and prevention plans in all operating areas. Have an organization's emergency and crisis management plan to prepare for the handling of emergencies that may arise such as fires and other crises that may cause interruption in business operations that may ruin the reputation and image of the organization.

4. The company will arrange public relations and communication to create knowledge and understand and disseminate information to the company's personnel as well as relevant stakeholders so that they know and understand the policies, rules, procedures and warnings in terms of quality, safety, occupational health and environment without causing harm to health, property and the environment.
5. The company is committed to taking part in social responsibility in terms of quality, safety, occupational health and environment. To make the best use of natural resources seriously and continuously by recognizing the importance of the environment and the safety of all relevant stakeholders, as well as promoting social activities in environmental conservation and improving the quality of life of the people in the community in accordance with the principles of sustainable development.
6. If any operation is not safe or may not comply with the requirements and standards for quality, safety, occupational health and environment or found that the operation has serious environmental impacts, the company must allow company personnel to temporarily cease work in order to notify the co-workers supervisor and departments responsible for corrective action or plan to fix. It is strictly prohibited to continue working.



(6) Participate in community and social development

A company is a company that is in a society that is not separated from the society. Therefore, the company has an obligation to be responsible for the development and return profits to the community and society as a whole in order for the company to grow sustainably according to the development of society. The company is considered to have the duty and policy to give importance to the activities of the community and society with a focus on social development, community, environment, nurturing religion, create and conserve natural resources, as well as support education for youth and support activities for the benefit of disadvantaged communities so that they will be strong and self-reliant community. With the following guidelines

1. The company aims to understand and communicate with society regarding the status and facts in the operation of the company, responsibility of the company to the community and society as a whole and the responsibility of the company in the environment without concealing the facts that may be disclosed, to cooperate in providing information to investors, shareholders and other interested parties timely.
2. The company is committed to taking part in social responsibility in terms of quality, safety, occupational health and environment seriously and continuously in making the best use of natural resources by recognizing the importance of the environment and the safety of the stakeholders involved, as well as promoting social activities in environmental conservation and improving the quality of life of the people in the community in accordance with the principles of sustainable development.

3. The company will consider alternatives for natural resource utilization with minimal impact on the damage to society, the environment and the quality of life of the people. Along with supporting the reduction of energy and resource consumption
4. The company instills a sense of social and environmental responsibility in its personnel at all levels continuously. Give importance to transactions with partners who share the same intentions as the company on social and environmental responsibility. To be a leader in promoting the efficient use and conservation of energy for the benefit of future generations.
5. The company will return a portion of the profits for activities that will contribute to the creation of society and the environment on a regular basis. The activities to be performed must be suitable activities. It can actually benefit the community, society and the environment. If choosing to donate, there will be checking the information of the donor recipient to ensure effective use for charity and really helpful. Every donation will have a collection of documents as evidence.

Merit-making activities for lunch at the Pak Kret Boys Reception Center (Ban Phumwaet) Nonthaburi Province



Donation of computer and office equipment at the International Movement Disabled Persons Association



Report preparation

The Company has a policy to summarize the social responsibility performance and report to the Board of Directors annually. To provide a framework for work, budget and appropriate to the operations of the company. They will be disclosed in the annual registration statement (Form 56-1) and the Company's annual report (Form 56-2).

Activities for social and environmental benefit (After process)

The company realizes the importance of social responsibility in all aspects, especially the impact that may occur on the environment from the company's business operation. As well as fostering good conscience among the company's employees to focus on and help each other to preserve the environment both inside and outside the organization.

Internal control and risk management

The company realizes the importance of a good internal control system that will help its business operations with efficiency and effectiveness. The company has an audit committee and a risk management committee to perform the duty of reviewing the appropriate internal control. There is an internal audit in accordance with the principles of good corporate governance. The meeting of the audit committee and the risk management committee to approve transactions relating to the company's internal control system with an auditor internal auditors and management attend meetings appropriately in order to present information to the audit committee and the risk management committee for acknowledgment, track the progress and find ways to resolve observations so that observations can be corrected promptly.

The company has provided an internal auditor which is an independent agency from outside. In November 2018 has appointed Dharmaniti Internal Audit that was conducted by Ms. Ruetaichanoke Suphamong who has knowledge and expertise in accounting system and internal control to act as a consultant in setting up a strong internal control system along with eliminating risks and investigating unusual transactions. The audit committee has considered the above qualifications to be sufficient to perform the duties as the company's internal auditors. Ms. Ruetaichanoke Supamong, who is the head of the company's internal audit team, has educational background and work experience as follows:

Educational background

Bachelor of Humanities and Social Sciences in Marketing, Burapha University

Qualification

Certificate of Internal Auditor of Thailand (CPIAT)

Training history

- Internal Audit Training Program to prepare for becoming an internationally licensed internal auditor (Pre CIA)
- CIA Part II Training Program
- COSO 2013 curriculum, theory and practice
- Course on internal control guidelines for companies preparing to be listed on the stock exchange
- International Standards for Professional Practice in Internal Auditing
- IT audit
- Thailand Private Sector Collective Action Coalition Against Corruption Project
- Maintain and improve the quality of internal audit work of the organization project

Work Experience

2008 – Present, Dharmniti Internal Audit Company Limited. Provides internal audit services

Appointment approval, remove or transfer the company's internal auditors must be selected and approved by the Audit Committee. After that, the list and information of the internal auditors who have been reviewed are presented to the Board of Directors' meeting for approval. The company has a policy to hire an internal auditor who is a third party (Outsource).

In addition, the company's auditors from DIA Auditing Company Limited have considered the company's internal control with respect to the preparation and presentation of the company's financial statements to ensure the suitability and reliability of the financial reports. Additional observations were made for the company's internal control system and informed the company along with recommendations for further improvement.

In each of the aforementioned segments, it has been presented in a concrete manner that represents observations, suggestions and follow-up. This will result in the internal control blocking the wastes that will occur to the organization with details as follows:

Evaluation of the adequacy of the internal control system by the Board of Directors

At the Board of Directors Meeting No. 1/2021 on February 25, 2021, the Audit Committee also attended the meeting. The board has evaluated the internal control system by inquiring information from the management about the sufficiency of the company's internal control system. There are 5 parts.

- 1) Organization and environment
- 2) Risk Management
- 3) Operational control of the management
- 4) Information and communication systems
- 5) Tracking system

Board of Directors commented that the company has an adequate and appropriate internal control system. In addition, the company has a system for monitoring, controlling and supervising the operations that will be able to protect the company's assets arising from improper use or lack of authority. There is also an adequate internal control system in dealing with transactions with major shareholders, directors, executives or related persons.

Observations of the company's internal control system by the auditor

DIA Auditing Company Limited, which is the company's auditor which is a certified public accountant from The Securities and Exchange Commission has audited the financial statements of Wellgrade Engineering Public Company Limited for the year 2020 ended December 31, 2020 and presented the audit report dated 25 February 2021. Auditing of the financial statements in accordance with generally accepted auditing standards to provide an opinion that the financial statements present financial position, operating results and accurate cash flow as it should be in accordance with financial reporting standards. The auditor did not find any flaw in the internal control that was important and no documents have been made regarding observations and suggestions on issues and the group's internal control system. The auditor reported such issues to the Audit Committee Meeting No. 1/2021 on February 25, 2021 and the Board of Directors Meeting No. 1/2021 on February 25, 2021, respectively.

Evaluation of the internal control system by the internal auditors

Dharmniti Internal Audit Company Limited, the Company's internal auditors have been appointed to assess, audit and follow up on improvements to the company's internal control system since November 2018 by conducting a risk assessment and preparing an annual internal audit plan. Conduct an audit as well as follow up on the improvement of the system and continually report directly to the Audit Committee. The main objective is to evaluate the effectiveness and suitability of the internal control system, compliance with related policies and procedures including the suitability and reliability of the company's financial reports. From the past to the present, the internal auditors performed an audit to ensure assurance on the internal control system, which included the assessment of the composition of internal control (COSO), a risk management policy and a risk assessment from the control system. The processes are below;

1. Enterprise Level
2. Process of bidding and making price estimation
3. Construction process and construction quality control
4. Process of receiving money
5. After-sales service process
6. Procurement hire and pay process
7. Process of controlling assets and inventory
8. Process of preparing financial statements
9. Personnel and labor management process
10. Safety control processes in the workplace
11. Information technology systems controlling process

For every inspection internal auditors will issue a quarterly internal audit report and present to the audit committee that summarize the audit work system and audit period.

The details of the audit regarding the significant risk issues in the 202, internal audit reports can be summarized as follows:

Personnel Management

From the examination during 7 - 15 April 2020, the overall audit results can be considered that personnel management which is the responsibility of the personnel management, recruitment, training and development departments have sufficient internal control processes.

Asset control

From the examination between 7 - 15 July 2020, the overall audit results can be considered that asset control which is the responsibility of the accounting, property, store, IT and the administrative departments have sufficient internal control processes.

Procurement

From the examination between 8 - 16 September 2020, the overall audit results can be considered that procurement which is the responsibility of the purchasing, sourcing, contract and tender management including cost control departments have sufficient internal control processes.

Construction safety control

From the examination between 6 - 16 October 2020, the overall audit results can be considered that construction safety control which is the responsibility of the safety and project department has adequate internal control processes.

For the year 2021, the company still hires Dharmniti Internal Audit Company Limited to perform the duties of the company's internal auditors. The internal auditors presented each quarterly audit plan (Internal Audit Plan) to the Audit Committee in the Audit Committee Meeting No. 1/2021 on February 25, 2021 with details as follows:

Annual audit plan of the company's internal control system for the year 2021

Audited Process	2021			
	Q1	Q2	Q3	Q4
1.Process of controlling the use of information technology systems		√		
2.Payment process	√			
3.Process of receiving money	√			
4.Process for controlling the preparation of financial statements			√	
5.Service process after project delivery				√

Connected Transactions

Relationships characteristics

The company has transactions that might have conflicts. Connected transactions were conducted with committees, management and/or shareholders including transactions with persons who may have conflicts as committees, manage and/or shareholders which can be summarized below.

Persons who may have a conflict	Relationships characteristics
Central Park Land Company Limited ("CPL")	<ul style="list-style-type: none"> Registered under the name of "M C Over I Co.,Ltd" on August-3,2011 and changed to "Wellgraded Group Co.,Ltd" on January-20,2014 and then changed to "Central Park Land Co., Ltd" on March-12,2019 The purpose is for real estate development. Since the establishment until now, CPL has never developed any real estate or received income from any type of business transaction. Mr. Kraingsak Buanoom is the major shareholder and the authorized committee of CPL. He holds 70 percent shares as of June-30, 2020 Mr. Vayu Tongpoon is the major shareholder and the authorized committee of CPL. He holds 20 percent shares as of June-30, 2020 Mrs. Ploypatcha Buanoom is the major shareholder and the authorized committee of CPL. She holds 10 percent shares as of June-30, 2020
Mr. Kraingsak Buanoom	<ul style="list-style-type: none"> Managing Director, authorized committee and major shareholder, holds 63.64 percent of 220 millions baht registered capital as of June-30, 2020
Mr. Vayu Tongpoon	<ul style="list-style-type: none"> Deputy Managing Director, authorized committee and major shareholder, holds 18.18 percent of 220 millions baht registered capital as of June-30, 2020
Mrs. Ploypatcha Buanoom	<ul style="list-style-type: none"> Deputy Managing Director, authorized committee and major shareholder, holds 9.09 percent of 220 millions baht registered capital as of June-30, 2020

Characteristic of connected transactions

The company has conducted some connected transaction with person who might have conflict, which can be summarized in terms of characteristic and value of each transaction as below

- Transaction between 2019 and 2020 can be summarized as below

Person who might have a conflict	Characteristic of The Transaction	Value (million baht)	Necessity and rational
		2019	
Central Park Land Company Limited (“CPL”)	<u>Loan</u>		On October-8, 2014, the company provide loan of 500,000 baht to be used as working capital without signing contract with the interest of 6.5 percent per year (interest was calculating during January-1, 2018 to February-8, 2019). The company received 500,000 baht back on February-8, 2019 including interest of 35,972.60 baht. As of December-31, 2019 there was no outstanding loan. Providing loan to CPL had no impact on cashflow of the company or the operation. The interest rate was also higher than the interest that the company had to pay to financial institute.
	Beginning balance	0.50	
	- additional loan during the period	-	
	- repay during the period	0.50	
	Ending balance	-	
	- interest income	0.04	
	- accrued interest receivable	-	

Comment from the audit committee :

At the meeting of the audit committee 1/2020 on February-27, 2020, the audit committees were informed of the above transactions. The transaction had reasonable interest rate (reference to interest rate from financial institute) which causes no negative benefit to the company.

Person who may have a conflict	Characteristics of the transaction	Value (million baht)	Necessity and Rational
		2021	
Mr. Kraingsak Buanoom	<u>Rent</u> - Land rental	0.027	The company rented the land according to the lease agreement dated 20 November 2020, title deed number 31517, area for rent 1 rai 50 square with rental fee of 21,052.63 baht per month to use for the daily labor camp of the construction project, "Health Promotion System Development Project for Patients" (J062). The price of such transaction is comparable to the market price and lower than other lessors. In 2020, the company has paid a total of 26,667.67 baht for such land rental.
	<u>Accrued expenses</u>	0.027	As of 31 December 2020, the company has outstanding payments to Mr. Kraingsak Buanoom of 26,666.67 baht, which is the amount that Mr. Kraingsak Buanoom charged to the company but not yet due.

Comment from the audit committee :

At the Audit Committee Meeting No. 1/2021 on February 25, 2021, the Audit Committee acknowledged the transactions that occurred between the company and the person who may have a conflict of interest. The transactions according to the above table are normal business operations. There is a comparison of the market price and it is conducted for the benefit of the company.

Person who might have conflict	Characteristic of Transaction	Value (million baht)		Necessity and rational
		As of 31 Dec. 19	As of 31 Dec. 20	
Mr. Kraingsak Buanoom Mr. Vayu Tongpoon Mrs. Ploypatcha Buanoom	Guarantee of 24,000,000 baht bank loan with Bangkok Bank PCL. (“BBL”) (1) Letter of guarantee for tender 14,000,000 baht (2) Overdraft 10,000,000 baht	- -	- -	This is a personal guarantee from committee together with the right of deposit account with BBL that can be used as working capital After the company is listed on the Stock Exchange of Thailand, BBL has released the directors' personal guarantees from October 21, 2020.
Mr. Kraingsak Buanoom Mr. Vayu Tongpoon Mrs. Ploypatcha Buanoom CPL	Guarantee of 563,290,889.74 baht bank loan with Krungthai Bank PCL. (“KTB”) (1) Letter of guarantee for tender, contract collateral and performance insurance of 208,784,185.74 baht (2) Letter of guarantee for receiving advance payment 125,316,704 baht (3) Aval of promissory note 60,000,000 baht (4) Promissory note 30,000,000 baht (5) Term Loan 15,000,000 baht (6) Soft Loan BOT 1,190,000 baht	97.85 32.58 16.86 - - -	128.19 125.32 24.31 - 11.08 1.19	This is a personal guarantee together with the right of deposit account with KTB that can be used as working capital. After the company is listed on the Stock Exchange of Thailand, KTB has released the directors' personal guarantees since January 8, 2021.
Mr. Kraingsak Buanoom	Guarantee of 230,000,000 baht bank loan with Siam Commercial Bank (“SCB”) (1) Letter of guarantee for tender 40,000,000 baht (2) Letter of guarantee for contract collateral, performance insurance and advance payment of 140,000,000 baht (3) Aval of promissory note 40,000,000 baht (4) Overdraft 10,000,000 baht	- 87.60 - -	- - - -	This is a personal guarantee together with the right of deposit account with SCB that can be used as working capital. After the company was listed on the Stock Exchange of Thailand, SCB has released the directors' personal guarantees since February 9, 2021.

Person who might have conflict	Characteristic of Transaction	Value (million baht)		Necessity and rational
		As of 31 Dec. 19	As of 31 Dec. 20	
	Guarantee of 402,888,889 baht bank loan with Kasikorn Bank PCL. (“KBANK”) <ul style="list-style-type: none"> (1) Letter of guarantee for tender, contract collateral and performance insurance 200,000,000 baht (2) Letter of guarantee for tender, contract collateral and performance insurance 32,888,889 baht (3) Letter of guarantee for receiving advance payment 50,000,000 baht (4) Aval of promissory note 20,000,000 baht (5) Overdraft 30,000,000 baht (6) Promissory note 50,000,000 baht (7) GSB Soft Loan 20,000,000 baht (Soft loan through Government Saving Bank (“GSB”) which was the measure from government to help companies who were impacted by the pandemic of COVID-19) 	134.81 32.89 56.11 3.21 - -	198.07 32.89 10.88 1.91 3.31 - 20.00	This is a personal guarantee together with the right of deposit account with KBANK that can be used as working capital. After the company was listed on the Stock Exchange of Thailand, KBANK has been relieved of the directors' personal guarantees since January 6, 2021.

Comment from audit committee:

At the meeting of the audit committee 1/2020 on February-27,2020,and the Audit Committee Meeting No. 1/2021 on February 25, 2021, the audit committee were informed of the above transactions. The guarantee transactions were necessary and reasonable. The guarantee was beneficial to the company and there was no fee which after completing the listing on the stock exchange, all the personal burdens of the directors has been removed.

Measures or procedures in conducting connected transactions

The meeting of committee 1/2020 on February-27, 2020 had set policy and procedure of connected transaction approval between the company and subsidiary company with related persons. These persons might have conflict of interest or in the future e.g. major shareholders, committees, management, authorized persons, persons who have been nominated to be management staff or authorized person, related persons or close relatives. Transactions must be reasonable, with appropriated price and conditions to demonstrate transparency which must be beneficial to the company and subsidiary company and to avoid any conflict of interest.

When conducting transactions, the company must follow the Securities and Exchange Law, rules, regulations or announcements of the Securities and Exchange Commission (SEC), Capital Market Supervisory Board and the Stock Exchange of Thailand including the standard accounting procedures. Persons who may have conflict of interest cannot participate or vote in the approval process of such transactions.

Under a circumstance where the law allow to have connected transactions from the committee or shareholders meeting, the company will set up audit committee to participate in the meeting and provide comments concerning necessity and rational in conducting those transactions.



Policy or tendency in conducting connected transactions in the future

The company might enter into conducting connected transactions with persons who may have conflict of interest in the future. If those are normal connected transactions with general business conditions, the company will conduct according to the above processes and procedures including clearly identify price and conditions that is fair which prevent the transfer of benefits.

If there is any connected transaction in the future, the company will conduct following the above processes and procedures. If those transactions need to have opinions from the audit committees, the company will have the audit committees to audit and give opinion regarding the suitability of those transactions. The company does not have a policy to loan money to persons or related persons who may have conflict of interest except those transactions are conducted under the rules and regulations of the company related to employee benefit policy or under the guideline of company financial support policy. For transactions that may have conflict as mentioned above, the company must have audit committees to provide opinions on the suitability of the transactions. Where the audit committees do not have enough knowledge to provide opinions regarding those transactions, the company will hire independent specialists who are knowledgeable e.g. auditor or property appraiser to provide opinions on those transactions. Their opinions will be used in the decision process of the committee meeting or shareholders meeting whatever the case may be. This is to assure that those transactions do not involve the transfer of benefits between companies or persons who may have conflict of interest.

Responsibilities of the Board of Directors for Financial Report

The Board of directors was responsible for financial budgeting; as well as financial information that was presented in the company annual report of Well Graded Engineering Public Company Limited. In turn, financial budgeting was made and followed by certified accounting standards, utilizing the accountant policy with sensibleness, stability, and conscientious. There was disclosure of substantial data with the supplement in the bank financials.

The Board of directors have organized a audit committee; of which was contained with the independent committee.

This was done to take and be responsible with the quality of reporting financials, and the internal control system; to be able to have excellence. The opinion of the audit committee was presented in the annual report.

The Board of directors had an opinion about the financial reporting; of which the internal system control of the company was stabilized; as well as being abundant could be made reliable for the financial report on the December 31st, 2020. Therefore, the auditor of the company checked and integrated following the standards of auditing adjustments; that certified and shown that the budgeting of financials as well as the process of this was correct. This was followed by the principles of accounting that was certified by the accounting principles.



MS. Tachanun Kangwantrakool
Chairman of the Board of director



Mr. Kraingsak Buanoom
Managing Director

Report of The Audit Committee

For Well Graded Engineering Public Company Limited, the Audit Committee consisted of three independent directors, considered qualified and experienced accountants and legal advisors.

The Audit Committee performed its responsible duties as assigned by the Board of Directors, where all duties were performed in an independent manner without restriction of access to information. With Well Graded Engineering's collaboration, the Audit Committee was able to comply fully with the requirements of the Stock Exchange of Thailand. In 2020, the Audit Committee held a total of four meetings, most of which were participated by certified auditors without the attendance of the Management. Besides, there were appropriate discussions and exchanges of business insights among senior executives, auditors, and internal auditors

The Audit Committee helped ensure that the Board of Directors was capable of achieving responsible tasks, while being able to monitor and promote good corporate governance principles. Productive results of operations were explained below

1. Review of Financial Statements of 2020

The Audit Committee reviewed and verified Well Graded Engineering's financial statements on a quarterly and yearly basis, thanks to the assistance of licensed auditors. The reviewed financial statements would be proposed to the Board of Directors for further approval. As inquiries were clarified, it unveiled that such financial statements were prepared in accordance with the financial statement reporting standards (generally accepted accounting standards), with accuracy, completion, and accountability. Also, effective accounting policies were applied appropriately, ensuring that the information related to financial statements was disclosed in an adequate manner.

2. Review of the Internal Audit System

The Audit Committee of Well Graded Engineering Public Company Limited, in collaboration with certified internal auditors, conducted reviews of the internal audit system and provided productive suggestions on effective internal control to ensure greater operational capacity and efficiency. It could be said that the Company possessed adequate and appropriate internal control complying with changing situations, supported by the requirements and regulations related to the Company's business operations. The Audit Committee also encouraged the Management to continually improve the internal control system.

3. Review of Disclosure of Information towards the Occurrence of Conflict of Interest

Obviously, the Audit Committee had efficiently monitored and reviewed the disclosure of related party transactions where conflicts of interest might take place. The disclosure of such information was deemed complete in compliance with the requirements of the Stock Exchange of Thailand. It was agreed that all related party transactions were deemed normal with general trade terms, which were made for the highest benefits of the Company. Also, internal auditors had been urged to strictly monitor and verify all related party transactions.

4. Review of Compliance with Public Laws and Regulations

The Audit Committee had remained firm to comply with the provisions of the Securities and Exchange Act, regulations of the Stock Exchange of Thailand, and other laws related to the business of Well Graded Engineering Public Company Limited. It was obvious that the Company operated its business by conforming to relevant laws, rules, and regulations fully and appropriately.

5. Supervision of Internal Audit

The Audit Committee held a discussion with internal auditors and reviewed internal audit results on a quarterly basis. The Audit Committee developed strategic methods in monitoring and supervising internal audit of Well Graded Engineering Public Company Limited by relying mainly on the advancement of information technology. It was understood that the Company's internal audit was implemented with enhanced efficiency and productivity, empowered by the sufficiency and appropriateness of the data security system. The Audit Committee also used significant issues to generate greater development of solutions to avoiding and reducing possible risks.

6. Good Corporate Governance

Well Graded Engineering Public Company Limited had recognized the importance of effective management based on good corporate governance principles, aiming for enhanced business efficiency supported by transparency, righteousness, and accountability to ensure greater confidence and trust among shareholders, investors, and stakeholders. In 2020, the Audit Committee performed its responsible duties as assigned by the Board of Directors with full knowledge and independent performances without restriction in obtaining the required information from the Company's directors, executives, employees, and stakeholders. The Audit Committee also provided productive suggestions and feedbacks related to the progress of internal audit, ensuring that shareholders would be provided with a number of substantial benefits equally and appropriately. According to the Audit Committee, Well Graded Engineering Public Company Limited adhered to business ethics, where the Board of Directors and executives were strictly committed to performing their duties in a highly professional manner. The Company had prepared financial and performance reports with complete and accurate information, while the effective internal control and audit system was developed based on the principles of good corporate governance. With transparency, honesty, and responsibility towards successful business performances, the Company was capable of maximizing its competitiveness and compliance with relevant laws and requirements.



Asstprof. Wikrom Jaruphongs, Ph.D.
Chairman of the Audit Committee



WELL GRADED ENGINEERING PUBLIC COMPANY LIMITED
AND SUBSIDIARIES
AUDITOR'S REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

INDEPENDENT AUDITOR'S REPORT

To The Shareholders of WELL GRADED ENGINEERING COMPANY LIMITED

Opinion

I have audited the accompanying consolidated and separate financial statements of WELL GRADED ENGINEERING PUBLIC COMPANY LIMITED AND SUBSIDIARIES (the Group) and of WELL GRADED ENGINEERING PUBLIC COMPANY LIMITED (the Company), which comprise the consolidated and separate statements of financial position as at December 31, 2020, and the consolidated and separate statements of comprehensive income, consolidated and separate statements of changes in equity and consolidated and separate statements of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying consolidated and separate financial statements present fairly, in all material respects, the financial position of WELL GRADED ENGINEERING PUBLIC COMPANY LIMITED AND SUBSIDIARIES and of WELL GRADED ENGINEERING PUBLIC COMPANY LIMITED as at December 31, 2020, and their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Basis for Opinion

I conducted my audit in accordance with Thai Standards on Auditing. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements section of my report. I am independent of the Group in accordance with the Federation of Accounting Professions' Code of Ethics for Professional Accountants together with the ethical requirements that are relevant to my audit of the 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.

Recognition of revenues from construction contracts business on a percentage of completion

In 2020, the Company has revenues from construction contract amount of Baht 857.74 million in the consolidated financial statements and Baht 639.60 million in the separate financial statement recognized on a percentage of completion of each contract. The significant judgment is made in revenues recognition from construction contract on percentage of completion method by calculating on the proportion of construction cost incurred at the reporting date and comparing with total estimated costs of completed construction. It may take risk from deviation in percentage of completion work caused by gathering cost of construction incurred and using of significant judgment in changing and properly updating in estimated costs of completed construction in part of construction work of existing contracts and increase or decrease. The results of deviation have material impact to revenues and profit from operation. Accordingly, I have addressed as key audit matter.

I have obtained an assurance in respect of revenue recognition from construction contracts business on a percentage of completion, by included;

- Assessed the significant internal control system in respect of the accuracy of recognition of cost of construction and estimates of cost of construction to be completed and tested such significant internal control system for taking into consideration whether internal control are effective throughout the year.
- Performed sample test cost of construction transactions for checking with evidences involved the amounts of transactions and relationship of work under construction contracts.
- Selected the contracts in order to observe the construction work on the field site by checking the volume of reported work which compare with the existing work, inquire the controller engineering about the project situation and the proceeding and trouble of construction work for considering the factors which may have the impact on the estimates of cost of completed construction.
- Compared the percentage of completion work and report of results of construction approved by the consultancy engineer and considered the reasonable of discrepancy.
- Evaluated the appropriation of estimated cost of completed construction by discussing with the Management involve the judgment and reviewing the suitability of such estimation.
- Analysis the significant changes in gross profit derived from cumulative costs and the estimates of completion of each project by inquiry the reason and checked the accuracy of information.

Emphasis of matter

I draw attention to notes 1.4 and 2.5 to the consolidated financial statements. Due to the impact of the COVID-19 outbreak, resulting in an economic slowdown and adversely impacting most businesses and industries including the consumer spending on residence, limitation or suspension of property construction, delayed operation , etc. The Group's management has continuously monitored the ongoing situation and assessed the financial impact in respect of the valuation of assets, provisions and contingent liabilities, and will be accounted for whenever is applicable. Besides, the Group has prepared the interim financial information for the year ended December 31, 2020, by selecting to adopt the Accounting Guidance on Temporary Relief Measures for Accounting Alternatives Dealing with The Impact of COVID-19 Pandemic issued by the Federation of Accounting Professions. Accordingly, my conclusion is not expressed as a qualify on this matter.

Other Information

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

My opinion on the consolidated and separate financial statements does not cover the other information and I do not and 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 and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

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

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

Management is responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with Thai Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of the 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, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the 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 Thai Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the Group or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

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

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

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

D I A International Audit Co., Ltd.



(Mrs. Suvimol Chrityakierne)

C.P.A. Thailand

Registration No. 2982

February 25, 2021

WELL GRADED ENGINEERING PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF FINANCIAL POSITION

AS AT DECEMBER 31, 2020

(Unit : Baht)

Assets	Note	Consolidated financial statements		Separate financial statements	
		2020	2019	2020	2019
Current assets					
Cash and cash equivalents	7	445,931,372.33	170,307,526.68	351,423,043.82	123,518,318.76
Other current financial assets	8	4,144,576.94	4,107,875.49	4,144,576.94	4,107,875.49
Trade and other current receivables	9	159,930,675.88	189,987,602.70	158,991,391.10	169,226,914.34
Short-term loan	10	-	5,500.00	-	5,500.00
Current contract assets	11	107,354,188.61	11,832,708.54	107,354,188.61	10,273,965.77
Inventories	12	9,022,364.26	6,340,665.75	9,022,364.26	5,693,512.93
Total current assets		726,383,178.02	382,581,879.16	630,935,564.73	312,826,087.29
Non-current assets					
Non - Current contract assets	11	23,455,174.54	28,156,136.68	23,455,174.54	28,156,136.68
Bank deposits with obligations	13	32,726,557.03	41,980,274.77	32,726,557.03	41,980,274.77
Investments in subsidiaries	14	-	-	31,049,987.50	19,800,000.00
Property, plant and equipment	15	188,847,784.17	196,766,318.53	188,847,784.17	196,247,499.93
Right-of-use assets	16	27,339,324.94	-	27,339,324.94	-
Other intangible assets	17	5,876,366.97	3,531,207.04	5,876,366.97	3,531,207.04
Deferred tax assets	18	4,428,336.63	4,934,096.05	4,231,176.77	4,934,096.05
Other non-current assets	19	13,597,826.30	23,473,200.98	13,597,826.30	23,473,200.98
Total non-current assets		296,271,370.58	298,841,234.05	327,124,198.22	318,122,415.45
Total assets		1,022,654,548.60	681,423,113.21	958,059,762.95	630,948,502.74

Notes to financial statements are integral parts of these financial statements

WELL GRADED ENGINEERING PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF FINANCIAL POSITION (Cont'd)

AS AT DECEMBER 31, 2020

(Unit : Baht)

Liabilities and shareholders' equity	Note	Consolidated financial statements		Separate financial statements	
		2020	2019	2020	2019
Current liabilities					
Short-term borrowings from financial institution	20	26,251,865.74	20,076,481.22	26,251,865.74	20,076,481.22
Trade and other current payables	21	160,619,434.40	203,632,102.72	152,856,472.63	185,176,244.89
Current contract liabilities	11	110,213,858.85	126,706,942.95	110,213,858.85	101,647,797.32
Current portion of long-term borrowings	23	5,608,800.00	-	5,608,800.00	-
Current portion of financial lease liabilities	22	6,556,426.52	4,364,912.65	6,556,426.52	4,364,912.65
Current income tax payable		4,311,618.19	662,199.66	-	-
Total current liabilities		313,562,003.70	355,442,639.20	301,487,423.74	311,265,436.08
Non-current liabilities					
Long-term borrowings	23	26,661,128.05	-	26,661,128.05	-
Lease liabilities	22	9,652,953.89	7,640,134.27	9,652,953.89	7,640,134.27
Non-current provisions for employee benefit	24	3,218,628.00	3,294,568.00	3,218,628.00	3,294,568.00
Other non-current provisions		13,447,285.53	22,511,881.51	13,447,285.53	22,511,881.51
Total non-current liabilities		52,979,995.47	33,446,583.78	52,979,995.47	33,446,583.78
Total liabilities		366,541,999.17	388,889,222.98	354,467,419.21	344,712,019.86
Shareholders' equity					
Share capital					
Authorized share capital					
600,000,000 common shares of Baht 0.50 each	25	300,000,000.00		300,000,000.00	
2,200,000 common shares of Baht 100 each	25		220,000,000.00		220,000,000.00
Issued and paid-up share capital					
600,000,000 common shares of Baht 0.50 each	25	300,000,000.00		300,000,000.00	
2,200,000 common shares of Baht 100 each	25		220,000,000.00		220,000,000.00
Share premium	25	276,960,000.00	-	276,960,000.00	-
Retained earnings					
Appropriated - Legal reserve	26	15,525,000.00	13,525,000.00	15,525,000.00	13,525,000.00
Unappropriated		62,904,048.16	58,747,916.16	11,107,343.74	52,711,482.88
Total owners of the Company		655,389,048.16	292,272,916.16	603,592,343.74	286,236,482.88
Non-controlling interests		723,501.27	260,974.07	-	-
Total shareholders' equity		656,112,549.43	292,533,890.23	603,592,343.74	286,236,482.88
Total liabilities and shareholders' equity		1,022,654,548.60	681,423,113.21	958,059,762.95	630,948,502.74

Notes to financial statements are integral parts of these financial statements

WELL GRADED ENGINEERING PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31, 2020

(Unit : Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2020	2019	2020	2019
Hire of construction work		857,744,051.38	1,509,741,550.50	639,601,159.59	1,483,654,993.54
Costs of construction work		(716,633,396.77)	(1,286,343,558.45)	(562,565,739.22)	(1,270,326,022.44)
Gross profit		141,110,654.61	223,397,992.05	77,035,420.37	213,328,971.10
Other income		6,988,008.87	4,895,261.72	12,403,204.52	6,879,429.09
Profit before expenses		148,098,663.48	228,293,253.77	89,438,624.89	220,208,400.19
Administrative expenses		(87,082,136.72)	(82,946,873.97)	(86,222,886.13)	(82,483,805.59)
Profit before finance costs and income tax expense		61,016,526.76	145,346,379.80	3,215,738.76	137,724,594.60
Finance revenues		649,267.46	1,123,808.45	574,866.73	1,123,808.45
Finance costs		(3,448,717.69)	(2,415,604.92)	(3,364,983.69)	(2,415,604.92)
Profit before income tax expense		58,217,076.53	144,054,583.33	425,621.80	136,432,798.13
Tax expense	18.2	(12,624,870.13)	(29,398,562.18)	(1,056,213.74)	(27,874,184.33)
Profit for the year		45,592,206.40	114,656,021.15	(630,591.94)	108,558,613.80
Other comprehensive income (expense) :					
Components of other comprehensive income					
that will not be reclassified to profit or loss					
Gains (losses) on remeasurements of					
defined benefit plans-net of tax	18.3	1,026,452.80	(419,752.80)	1,026,452.80	(419,752.80)
Other comprehensive income (expense) for					
the year		1,026,452.80	(419,752.80)	1,026,452.80	(419,752.80)
Total comprehensive income for the year		46,618,659.20	114,236,268.35	395,860.86	108,138,861.00
Profit attributable to:					
Owners of the Company		45,129,679.20	114,595,047.08	(630,591.94)	108,558,613.80
Non-controlling interests		462,527.20	60,974.07	-	-
		45,592,206.40	114,656,021.15	(630,591.94)	108,558,613.80
Total comprehensive income (expense) attributable to :					
Owners of the Company		46,156,132.00	114,175,294.28	395,860.86	108,138,861.00
Non-controlling interests		462,527.20	60,974.07	-	-
		46,618,659.20	114,236,268.35	395,860.86	108,138,861.00
Earnings per share	33	0.10	0.29	(0.00)	0.27

Notes to financial statements are integral parts of these financial statements

WELL GRADED ENGINEERING PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31, 2020

Consolidated financial statements

	Note	Owners of the Company					Total owners of the Company	Non-controlling interests
		Issued and paid-up share capital	Share premium	Retained earnings				
				Appropriated	Unappropriated	Legal reserve		
Balance as at January 1, 2019		200,000,000.00	-	8,525,000.00	49,572,621.88	258,097,621.88	-	
Changes in shareholders' equity for the year 2019 :								
Capital increase	25	20,000,000.00	-	5,000,000.00	-	20,000,000.00	200,000.00	
Legal reserve	26	-	-	-	(5,000,000.00)	-	-	
Interim dividend paid	27	-	-	-	(100,000,000.00)	(100,000,000.00)	-	
Profit (loss) for the year		-	-	-	114,595,047.08	114,595,047.08	60,974.07	
Other comprehensive income (expense)	18.3	-	-	-	(419,752.80)	(419,752.80)	-	
Balance as at December 31, 2019		220,000,000.00	-	13,525,000.00	58,747,916.16	292,272,916.16	260,974.07	
Balance as at January 1, 2020								
Changes in shareholders' equity for the year 2020 :								
Receive payment for shares	25	80,000,000.00	276,960,000.00	-	-	356,960,000.00	-	
Legal reserve	26	-	-	2,000,000.00	(2,000,000.00)	-	-	
Interim dividend paid	27	-	-	-	(40,000,000.00)	(40,000,000.00)	-	
Profit (loss) for the year		-	-	-	45,129,679.20	45,129,679.20	462,527.20	
Other comprehensive income (expense)	18.3	-	-	-	1,026,452.80	1,026,452.80	-	
Balance as at December 31, 2020		300,000,000.00	276,960,000.00	15,525,000.00	62,904,048.16	655,389,048.16	723,501.27	

Notes to financial statements are integral parts of these financial statements

Owners of the Company						
	Note	Issued and paid-up share capital	Share premium	Retained earnings (deficit)		Total
				Appropriated Legal reserve	Unappropriated	
Balance as at January 1, 2019 (as previously reported)		200,000,000.00	-	8,525,000.00	49,572,621.88	258,097,621.88
Changes in shareholders' equity for the year 2019 :						
Capital increase	25	20,000,000.00	-	-	-	20,000,000.00
Legal reserve	26	-	-	5,000,000.00	(5,000,000.00)	-
Interim dividend paid	27	-	-	-	(100,000,000.00)	(100,000,000.00)
Profit (loss) for the year		-	-	-	108,558,613.80	108,558,613.80
Other comprehensive income (expense)	18.3	-	-	-	(419,752.80)	(419,752.80)
Balance as at December 31, 2019		220,000,000.00	-	13,525,000.00	52,711,482.88	286,236,482.88
Balance as at January 1, 2020						
		220,000,000.00	-	13,525,000.00	52,711,482.88	286,236,482.88
Changes in shareholders' equity for the year 2020 :						
Receive payment for shares	25	80,000,000.00	276,960,000.00	-	-	356,960,000.00
Legal reserve	26	-	-	2,000,000.00	(2,000,000.00)	-
Interim dividend paid	27	-	-	-	(40,000,000.00)	(40,000,000.00)
Profit (loss) for the year		-	-	-	(630,591.94)	(630,591.94)
Other comprehensive income (expense)	18.3	-	-	-	1,026,452.80	1,026,452.80
Balance as at December 31, 2020		300,000,000.00	276,960,000.00	15,525,000.00	11,107,343.74	603,592,343.74

WELL GRADED ENGINEERING PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2020

			(Unit : Baht)	
	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Cash flows from operating activities				
Profit before income tax	45,592,206.40	114,656,021.15	(630,591.94)	108,558,613.80
Adjustment net profit to cash receipt (disbursement)				
from operating activities				
Income tax expenses	12,624,870.13	29,398,562.18	1,056,213.74	27,874,184.33
Allowance for doubtful accounts	-	(103,108.00)	-	(103,108.00)
Depreciation	20,853,661.11	16,297,968.65	20,670,426.85	16,287,394.73
Amortized right-of-use assets	887,753.48	-	887,753.48	-
Amortized other intangible assets	680,240.07	631,358.70	680,240.07	631,358.70
(Gain) loss on sales of fixed assets	361,638.00	(3,596.41)	7,660.61	(3,596.41)
Loss on terminated of assets	702,331.15	861,332.54	697,965.01	861,332.54
Expected credit loss	805,990.47	-	805,990.47	-
Amortized income tax deducted at source	5,319,704.70	-	5,319,704.70	-
Non-current provisions for employee benefit	1,207,126.00	1,042,817.00	1,207,126.00	1,042,817.00
Long-term provisions	(9,064,595.98)	16,114,812.55	(9,064,595.98)	16,114,812.55
Interest income	(649,267.46)	(1,123,808.45)	(574,866.73)	(1,123,808.45)
Interest paid	3,448,717.69	2,415,604.92	3,364,983.69	2,415,604.92
(Increase) Decrease in changes of operating assets				
Trade and other current receivables	43,626,586.19	6,169,431.11	23,805,182.61	26,930,119.47
Contract assets	(90,820,517.93)	82,063,680.89	(92,379,260.70)	83,622,423.66
Inventories	(2,681,698.51)	8,033,465.03	(3,328,851.33)	8,680,617.85
Other non-current assets	78,683.93	741,565.37	78,683.93	741,565.37
Increase (Decrease) in changes of operating liabilities				
Trade and other current payables	(47,047,957.13)	(5,173,857.45)	(36,355,061.07)	(23,629,715.28)
Contract liabilities	(16,493,084.10)	(173,597,138.55)	8,566,061.53	(198,656,284.18)
Cash generated (paid) from operation	(30,567,611.79)	98,425,111.23	(75,185,235.06)	70,244,332.60
Interest paid	(2,725,823.11)	(1,660,174.36)	(2,642,089.11)	(1,660,174.36)
Interest received	649,267.46	1,156,308.45	574,866.73	1,156,308.45
Income tax paid	(18,624,969.17)	(35,058,636.59)	(10,508,571.45)	(34,196,458.40)
Net cash provided by (used in) operating activities	(51,269,136.61)	62,862,608.73	(87,761,028.89)	35,544,008.29

WELL GRADED ENGINEERING PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF CASH FLOWS (Cont'd)

FOR THE YEAR ENDED DECEMBER 31, 2020

			(Unit : Baht)	
	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Cash flows from investing activities				
Payments for long-term loans	-	500,000.00	-	500,000.00
Payments for acquire of fixed assets	(32,388,203.74)	(73,964,117.24)	(32,017,573.92)	(73,434,724.72)
Other current financial assets	(36,701.45)	(36,277.94)	(36,701.45)	(36,277.94)
Payments for investments in joint ventures	-	-	(11,249,987.50)	(19,800,000.00)
Payments for acquire of intangible assets	(3,025,400.00)	(1,554,100.00)	(3,025,400.00)	(1,554,100.00)
Payments for short-term loans	(16,000.00)	-	(16,000.00)	-
Proceeds form short-term loans	21,500.00	259,500.00	21,500.00	259,500.00
Proceeds from disposal of fixed assets	355,614.46	2,541,360.09	7,743.83	2,541,360.09
Bank deposits with obligations	9,253,717.74	(10,475,184.88)	9,253,717.74	(10,475,184.88)
Net cash provided by (used in) investing activities	(25,835,472.99)	(82,728,819.97)	(37,062,701.30)	(101,999,427.45)
Cash flows from financing activities				
Dividend paid	(36,000,000.00)	(100,000,000.00)	(36,000,000.00)	(100,000,000.00)
Payments for short-term borrowings	(225,134,929.65)	(133,314,497.98)	(225,134,929.65)	(133,314,497.98)
Payments for financial lease payables	(6,676,857.32)	(12,202,673.47)	(6,676,857.32)	(12,202,673.47)
Proceeds from long-term borrowings	33,949,928.05	-	33,949,928.05	-
Payments for long-term borrowings	(1,680,000.00)	-	(1,680,000.00)	-
Proceeds from short-term borrowings	231,310,314.17	118,457,133.12	231,310,314.17	118,457,133.12
Capital Increase	-	20,200,000.00	-	20,000,000.00
Receive payment for shares	356,960,000.00	-	356,960,000.00	-
Net cash provided by (used in) financing activities	352,728,455.25	(106,860,038.33)	352,728,455.25	(107,060,038.33)
Net increase (decrease) in cash and cash equivalents	275,623,845.65	(126,726,249.57)	227,904,725.06	(173,515,457.49)
Cash and cash equivalents at the beginning of the year	170,307,526.68	297,033,776.25	123,518,318.76	297,033,776.25
Cash and cash equivalents at the end of the year	445,931,372.33	170,307,526.68	351,423,043.82	123,518,318.76

WELL GRADED ENGINEERING PUBLIC COMPANY LIMITED AND SUBSIDIARIES

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

1. GENERAL INFORMATION

1.1 Well graded engineering Public Co., Ltd. (the Company) was registered as a company limited on December 21, 2010 and has converted to public company limited on April 7, 2020 registration No. 0107563000061.

1.2 Head office is location at 50/1203 Moo 9, Bangpood, Pakkred. Nonthaburi and has 1 branch is located 73 Moo7, Bangduea, Muang, Pathum Thani

1.3 Well graded engineering Public Company Limited and Subsidiaries (the Group) engaged in business of construction contractor, related technical consultancy to engineering and architecture.

1.4 Coronavirus disease 2019 Pandemic

The Coronavirus disease 2019 pandemic is continuing to evolve, resulting in an economic slowdown and adversely impacting most businesses and industries. This situation may bring uncertainties and have an impact on the environment in which the group operates. However, the Group's management has continuously monitored ongoing situation and assessed the financial impact in respect of the valuation of assets, provisions and contingent liabilities, and has used estimates and judgement in respect of various issues as the situation has evolved.

2. PREPARATION OF FINANCIAL STATEMENTS BASIS

2.1 Financial statements preparation basis

The Group's financial statements have been prepared in accordance with Thai Financial Reporting Standards (TFRS); including interpretations and guidelines promulgated by the Federation of Accounting Professions (FAP) and the regulation of The Stock Exchange of Thailand (SET) dated October 2, 2017 regarding the preparation and submission of financial statements and reports for the financial performance of the listed companies B.E. 2560. The format of presentation of the financial statements is not significantly different from the Notification of the Department of Business Development regarding the condensed form should be included in the financial statements (No.3) B.E. 2562 dated December 26, 2019.

These financial statements have been prepared under the historical cost convention, except as transaction disclosed in related accounting policy.

- 2.2 These consolidated financial statements have been included the financial statements of Well Graded Engineering Public Company Limited and its subsidiaries in which the Company has ability to control in making financial and operating decisions until the controllable is ceased as follows:

Subsidiaries name	Relationship	Type of business	Percentage of investment (%)	
			2020	2019
Joint ventures PSE-WGE	Subsidiary	Construction contractual	99	99
W TEAM CO.,LTD	Subsidiary	Construction contractual	100	-

On October 12, 2019, Well Graded Engineering Public Company Limited and Phichit Suwan Engineering Partnership Limited agreed to establish a joint venture, named PSE-WGE which had the investments from joint ventures in the amount of Baht 20 million, the percentage of investment is 99 %, therefore it assumed as subsidiary with a specific objective in the construction contract, especially in bidding, tender, act and sign contracts with Pacific Aquaculture Company Limited for the construction of the "PFP Plant".

On December 24, 2020, the Company has registered a subsidiary, W TEAM Co, Ltd. which invested in the proportion at 100% with objective to engage in business of construction contractor.

- 2.3 The consolidated financial statements have been prepared in conformity with the same accounting policy for the same accounts and accounting events of the Company and subsidiaries.
- 2.4 The balance of accounts and transactions between Well Graded Engineering Public Company Limited and subsidiaries, unrealized gain between of the Company and net assets of subsidiaries have been eliminated from the consolidated financial statements.

2.5 Financial reporting standards that became effective in the current period.

During the period, the Group has adopted the revised (revised 2018) and new financial reporting standards and interpretations which are effective for fiscal years beginning on or after January 1, 2019. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards. The adoption of these financial reporting standards does not have any significant impact on the Group's financial statements. However, the new standard involves changes to key principles, which are summarized below:

Financial reporting standards related to financial instruments

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

Thai Financial Reporting Standards	Content
TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments
Thai Accounting standard	
TFRS 32	Financial Instruments: Presentation
Thai Financial Reporting Interpretation Committee	
TFRIC 16	Hedges of a Net Investment in a Foreign Operation
TFRIC 19	Extinguishing Financial Liabilities with Equity Instruments

These TFRSs related to financial instruments make stipulations relating to the classification of financial instruments and their measurement at fair value or amortized cost (taking into account the type of instrument, the characteristics of the contractual cash flows and the Company's business model), calculation of impairment using the expected credit loss method, and hedge accounting. These include stipulations regarding the presentation and disclosure of financial instruments. These standards do not have any significant impact on the Group's financial statements.

The cumulative effect of the change is described in notes 5 to the consolidated financial statements.

Thai Financial Reporting Standards No. 16: Leases

TFRS 16 supersedes TAS 17 Leases together with related Interpretations. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases, and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is low value.

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

The Group initially recognizes the effect from adoption this financial reporting standard by not restating comparative financial information. The Group selects to apply this financial reporting standard with leases previously classified as operating leases by recognizing leases liabilities as at January 1, 2020 based on present value remaining of the leases payment, discounted using incremental borrowing rate at the date of initial application. The right-of-use assets were recognized base on the amount equal to the lease liabilities.

Accounting Treatment Guidance on “Temporary relief measures on accounting alternatives in response to the impact of the COVID-19 situation”

The Federation of Accounting Professions announced Accounting Treatment Guidance on “Temporary relief measures on accounting alternatives in response to the impact of the COVID-19 situation”. Its objectives are to alleviate some of the impact of applying certain financial reporting standards, and to provide clarification about accounting treatments during the period of uncertainty relating to this situation.

On April 22, 2020, the Accounting Treatment Guidance was announced in the Royal Gazette and it is effective for the financial statements prepared for reporting periods ending between January 1, 2020 and December 31, 2020.

During the period from the first quarter to the third quarter of 2020, the Group elected to apply the temporary relief measures on accounting alternatives relating to measurement of expected credit losses using a simplified approach, impairment of assets.

In the fourth quarter of 2020, the Group has assessed the financial impacts of the uncertainties of the COVID-19 Pandemic on the valuation of assets. As a result, in preparing the financial statements for the year ended 31 December 2020, the Group has decided to discontinue application of all temporary relief measures on accounting alternatives with no significant impact on the Group’s financial statements.

2.6 Financial reporting standards that became effective for fiscal years beginning on or after January 1, 2021.

The Federation of Accounting Professions issued a number of revised financial reporting standards and interpretations, which are effective for the financial statements for fiscal year beginning on or after 1 January 2021. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Revenues and Expense Recognition

3.1.1 Revenues from construction contract are recognized as income over time of construction contract by using input method to measure the stage of completion of the contract which compared the actual costs at the end of the reporting period and total estimated costs of construction contract. The Company shall provide the provision for loss on construction when the expected losses incurred for revenues recognized in the reporting period immediately. The excess over contract revenue is presented as "Contract assets" in statements of position and discount of contract revenue is presented as "Contract liability" in statements of financial position.

3.1.2 Income and expenses are recognized on an accrual basis.

3.1.3 Cost of construction comprise material cost, direct labor and operating expenses are recognized on an accrual basis.

3.2 Cash and cash equivalents

Cash and cash equivalents mean cash and deposit at banks which the maturity is less than three-months from the deposit date and are not subject to the restriction on withdrawal.

3.3 Inventories

Inventories are valued at the lower of cost or net realizable value. Cost is determined on a first-in, first-out (FIFO) basis.

3.4 Investment

Investments in subsidiaries are stated at cost less provision for impairment of investment (if any).

3.5 Property, plants and equipment

The Group stated land at cost less provision for impairment (if any).

Building and equipment are stated at cost less accumulated depreciation and provision for impairment (if any). Cost includes initially estimated cost of dismantlement, removal and restoration the site on which it is located, the obligation for which the Company incurs.

The Group determined depreciation on a straight-line basis over the estimated useful lives of assets and the depreciation charge has to be determined separately for each significant parts of assets with the cost that is significant in relation to the total cost of the assets item. In addition the Group are required to review the useful lives, residual value and depreciation method at least of each financial year-end.

	Number of years
Building and building improvement	20-25
Machinery	5-10
Construction tools and equipment	3-5
Office equipment	3-5
Vehicles	5

3.6 Intangible assets and amortization

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and provision for impairment (if any). Amortization is recognized on a straight-line basis over the expected economic benefit generating period from the date when they will be available for use.

The expected economic benefit generating period is below:

	Number of years
Computer software	3-10

3.7 Impairment of non-financial assets

At the end of each reporting period, the Group performs impairment reviews in respect of the property, plant and equipment, right-of-use assets, investment properties and other intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. The Group also carries out annual impairment reviews in respect of intangible assets with indefinite useful lives. An impairment loss is recognized when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount. In determining value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by a valuation model that, based on information available, reflects the amount that the Group could obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal.

An impairment loss is recognized in the income statement.

In the assessment of asset impairment if there is any indication that the previously recognized impairment losses may no longer exist or may have decreased, the Group estimates the asset's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The increased carrying amount of the asset attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the income statement.

3.8 Leases

At inception of contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group assesses the lease term for the non-cancellable period as stipulated in lease contract or the remaining period of active leases together with any period covered by an option to extend the lease if it is reasonably certain to be exercised or any periods covered by an option to terminate the lease if it is reasonably certain not to be exercise by considering the effect of changes in technology and/or the other circumstance relating to the extension of the lease term.

3.8.1 The Group as a lessee

Accounting policies adopted since 1 January 2020

The Group applied a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. At the commencement date of the lease (i.e. the date the underlying asset is available for use), the Group recognizes right-of-use assets representing the right to use underlying assets and lease liabilities based on lease payments.

Right-of-use assets

Right-of-use assets are measured at cost, less any accumulated depreciation, any accumulated impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities initially recognized, initial direct costs incurred, and lease payments made at or before the commencement date of the lease less any lease incentives received.

Depreciation of right-of-use assets are calculated by reference to their costs, on the straight-line basis over the shorter of their estimated useful lives and the lease term.

Land	1 - 2	years
Motor vehicles	3 - 5	years

If ownership of the leased asset is transferred to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

Lease liabilities

Lease liabilities are measured at the present value of the lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be payable under residual value guarantees. Moreover, the lease payments include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising an option to terminate. Variable lease payments that do not depend on an index or a rate are recognized as expenses in the period in which the event or condition that triggers the payment occurs.

The Group discounted the present value of the lease payments by the interest rate implicit in the lease or the Group's incremental borrowing rate. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a change in the lease term, a change in the lease payments or a change in the assessment of an option to purchase the underlying asset.

Short-term leases and leases of low-value assets

A lease that has a lease term less than or equal to 12 months from commencement date or a lease of low-value assets is recognized as expenses on a straight-line basis over the lease term.

3.8.2 The Group as a lessor

A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset to a lessee. Lease receivables from operating leases is recognized as income in profit or loss on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying assets and recognized as an expense over the lease term on the same basis as the lease income.

Accounting policies adopted before 1 January 2020

Financial lease

The Group records vehicles under financial lease as assets and liabilities in the statements of financial position in an amount equal to the fair value of the lease assets at the inception of the agreement. Interest expenses are recorded to each period over the term of agreement based on the outstanding balance of the financial lease liabilities during each period.

Operating lease

Long-term lease that transferring a significant portion of the risks and rewards of ownership to the lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lesser) are charged to the statement of comprehensive income on a straight-line basis over the period of the lease.

3.9 Financial instruments

Accounting policies adopted since 1 January 2020

The Group initially measures financial assets at its fair value plus, in the case of financial assets that are not measured at fair value through profit or loss, transaction costs. However, trade receivables, that do not contain a significant financing component are measured at the transaction price as disclosed in the accounting policy relating to revenue recognition.

Classification and measurement of financial assets

Financial assets are classified, at initial recognition, as to be subsequently measured at amortized cost, fair value through other comprehensive income, or fair value through profit or loss. The classification of financial assets at initial recognition is driven by the Group's business model for managing the financial assets and the contractual cash flows characteristics of the financial assets.

Financial assets at amortized cost

The Group measures financial assets at amortized cost if the financial asset is held in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognized in the income statement when the asset is derecognized, modified or impaired.

Classification and measurement of financial liabilities

Except for derivative liabilities, at initial recognition the Group's financial liabilities are recognized at fair value net of transaction costs and classified as liabilities to be subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in the income statement when the liabilities are derecognized as well as through the EIR amortization process. In determining amortized cost, the Group takes into account any fees or costs that are an integral part of the EIR. The EIR amortization is included in finance costs in the income statement.

Derecognition of financial instruments

A financial asset is primarily derecognized when the rights to receive cash flows from the asset have expired or have been transferred and either the Group has transferred substantially all the risks and rewards of the asset, or the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the income statement.

Impairment of financial assets

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. It is based on its historical credit loss experience and adjusted for forward-looking factors specific to the debtors and the economic environment.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously

Accounting policies adopted before 1 January 2020

Trade and other current receivables

Trade and other current receivables by the amount net of allowance for provision for expected credit losses. The Group provides the allowance by using a simplified approach to determine the lifetime provision for expected credit losses.

Unbilled construction in progress

Unbilled construction in progress is the excess of cumulative revenues over the amounts currently billed from customers. The Group will record allowance for impairment loss of unbilled income for the estimated loss incurred from uncollectability receivables. Unbilled income is classified as trade accounts receivables when the entity had a right to receive the payment without conditions, such as when the services are rendered and the works are assigned.

Retention receivables are retention under services contract which had no interest and any collaterals. Retention receivables are classified as non-current under condition of the contract by the customers deducted the retention from the amounts paid to the Group at the agreed rate indicated in contract and will be returned to the Group when the performance obligations and conditions as stipulated in the contract are satisfied

Current investments

Current investments mean deposit at bank in type of fixed deposit with held to maturity less than 12 months and without collateral.

Unearned revenues and advance received from customers

Unearned revenues are the excess amounts of currently collected from customers over accumulated income. The Group still has an obligation to transfer the goods or services to the customers. Unearned revenues will be recognized as income when the performance obligation under the contract is completely satisfied.

Advance received from customers are part of advance payment as stipulated in the contract and will be gradually deducted from each work statement at the concerned rate.

3.10 Provident fund and employee benefits

3.10.1 Provident fund

The Company has established provident fund under the defined contribution plan. The fund's assets are separated entities which are administered by the outsider fund manager. The Company and employees made contribution into such provident fund. The Company's contribution to the provident fund were recorded as expenses in statements of comprehensive income in the period in which they are incurred.

3.10.2 Employee benefits

The Group provides for post-employment benefits, payable to employees under the Thai Labor Law. The present value of employee benefit liabilities recognized in the statements of financial position is estimated on an actuarial basis using Projected Unit Credit Method. The calculation was made by utilizing various assumptions about future events. The Company is responsible for the selection of appropriate assumptions. The assumptions used in determining the net period cost for employee benefits include the discount rate, the rate of salary increment, and employee turnover. Any changes in these assumptions will impact the net periodic cost recorded for employee benefits. On an annual basis, the Group determines the appropriate discount rate, which represents the interest rate that should be used to determine the present value of future cash flows currently expected to be required to settle the employee benefits. In determining the appropriate discount rate, the Group considers the market yield based on Thai government bonds with currency and term similar to the estimated term of benefit obligation.

3.11 Accounting estimates

Preparation of financial statements in conformity with Thai Financial Reporting Standards required the management to make several estimation and assumption which affect the reported amounts in the financial statements and notes related thereto. Consequent actual results may differ from these estimates. The estimates and assumptions may have a risk of causing an adjustment to the assets in the next financial year related to provisions for employee benefits which is estimated by the actuary based on actuarial method and certified by the management at the statement of financial position date. It is probable that the estimates may have uncertain since the project's nature has a long period (note 3.10.2). Other estimates are further described in the corresponding disclosures.

3.12 Provisions

The Group recognizes a provision when an entity has a present legal or constructive obligation as a result of a past event. It is probable that an outflow of economic benefits resources will be required to settle the obligation and reliable estimate can be made of the amount of the obligation. If some or all the expenditure is required to settle a provision, is expected to be reimbursed when it is virtually certain that reimbursement will be received if the Group settles the obligation. The amount recognized should not exceed the amount of the provision.

3.13 Income tax expenses and deferred tax

Income tax expenses for the accounting period comprises current tax and deferred tax.

3.13.1 Current tax

The Group recorded income tax to be paid in each period as expenses in that period and calculated income tax in conditions as prescribed by the Revenue Code.

3.13.2 Deferred tax

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

Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences and carry forward of unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax losses can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

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

3.14 Earnings per share

Earnings per share which is determined by dividing the net profit for the year by the weighted average number of common shares issued and paid-up during the year.

3.15 Measurement of fair values

A number of the Group accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including level 3 fair values, and reports directly to CFO.

The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of TFRS, including the level in the fair value hierarchy in which such valuation should be classified.

Significant valuation issues are reported to the Group Audit Committee.

When measuring the fair value of an asset or a liability, the Group use market observable data as fair as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access
- Level 2 : inputs other than quoted prices included in Level 1 that are observable for the asset or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or liability might be categorized in different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

4. Significant accounting judgments and estimates

The preparation of financial statements in conformity with financial reporting standards at times requires management to make subjective judgments and estimates regarding matters that are inherently uncertain. These judgments and estimates affect reported amounts and disclosures; and actual results could differ from these estimates. Significant judgments and estimates are as follows:

Revenue from contracts with customers

Identification of performance obligations

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

Determination of timing of revenue recognition

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

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

Where the above criteria are not met, revenue is recognized at a point in time. Where revenue is recognized at a point in time, the management is required to determine when the performance obligation under the contract is satisfied.

Estimated costs of project

In determining the cost of each project from the details of services work and calculates the labor, wages, and overhead costs required to complete the services as well as considering the tendency of changes prices of wages and other costs, actual costs expected to be received including the assessment of the deduction of income arising from delay of works assignment and contractual fines based on the historical experience and information. The Group will regularly review the estimated costs and every time of actual costs are significantly differed from the estimated costs.

Allowance for expected credit losses of trade receivables and contract assets

In determining an allowance for expected credit losses of trade receivables and contract assets, the management needs to make judgment and estimates based upon, among other things, past collection history, aging profile of outstanding debts and the forecast economic condition for groupings of various customer segments with similar credit risks. The Group's historical credit loss experience and forecast economic conditions may also not be representative of whether a customer will actually default in the future.

Fair value of financial instruments

In determining the fair value of financial instruments recognized in the statement of financial position that are not actively traded and for which quoted market prices are not readily available, the management exercise judgment, using a variety of valuation techniques and models. The input to these models is taken from observable markets, and includes consideration of credit risk, liquidity, correlation and longer-term volatility of financial instruments. Change in assumptions about these factors could affect the fair value recognized in the statement of financial position and disclosures of fair value hierarchy.

Property, plant and equipment/Depreciation

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

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

Intangible assets

The initial recognition and measurement of intangible assets, and subsequent impairment testing, require management to make estimates of cash flows to be generated by the asset or the cash generating units.

Deferred tax assets

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

Post-employment benefits under defined benefit plans

The obligations under the defined benefit plans are determined based on actuarial techniques. Such determination is made based on various assumptions, including discount rate, future salary increase rate, mortality rate and staff turnover rate.

Leases

Determining the lease term with extension and termination options - The Group as a lessee

In determining the lease term, the management is required to exercise judgment in assessing whether the Group is reasonably certain to exercise the option to extend or terminate the lease, considering all relevant factors and circumstances that create an economic incentive for the Group to exercise either the extension or termination option. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to extend or to terminate.

5. CUMULATIVE EFFECT OF CHANGES IN ACCOUNTING POLICIES DUE TO THE ADOPTION OF NEW FINANCIAL REPORTING STANDARDS

As described in Note 2.5 to the consolidated financial statements, for the year ended, the Group has adopted financial reporting standards related to financial instruments and TFRS 16. The cumulative effect of initially applying these standards is recognized as an adjustment to the right-of-use assets and lease liabilities as at January 1, 2020. Therefore, the comparative information was not restated.

The impacts from changes in accounting policies due to the adoption of these standards are presented as follows:

	Consolidated financial statements (Baht)		
	The impacts of		
	December 31, 2019	TFRS 16	January 1, 2020
Statement of financial position			
Assets			
Non-current assets			
Property, plant and equipment	196,766,318.53	(20,541,764.96)	176,224,553.57
Right-of-use assets	-	22,169,313.00	22,169,313.00
Liability and shareholders' equity			
Current liability			
Current portion of lease liabilities	4,364,912.65	852,374.06	5,217,286.71
Non-current liability			
Lease liabilities	-	8,415,308.25	8,415,308.25
Financial lease liabilities	7,640,134.27	(7,640,134.27)	-

5. CUMULATIVE EFFECT OF CHANGES IN ACCOUNTING POLICIES DUE TO THE ADOPTION OF NEW FINANCIAL REPORTING STANDARDS (Cont'd)

	Separate financial statements (Baht)		
	The impacts of		
	December 31, 2019	TFRS 16	January 1, 2020
Statement of financial position			
Assets			
Non-current assets			
Property, plant and equipment	196,247,499.93	(20,541,764.96)	175,705,734.97
Right-of-use assets	-	22,169,313.00	22,169,313.00
Liability and shareholders' equity			
Current liability			
Current portion of lease liabilities	4,364,912.65	852,374.06	5,217,286.71
Non-current liability			
Lease liabilities	-	8,415,308.25	8,415,308.25
Financial lease liabilities	7,640,134.27	(7,640,134.27)	-

5. CUMULATIVE EFFECT OF CHANGES IN ACCOUNTING POLICIES DUE TO THE ADOPTION OF NEW FINANCIAL REPORTING STANDARDS

(Cont'd)

The classifications, measurement basis and carrying values of financial assets in accordance with TFRS 9 as at 1 January 2020, and with the carrying amounts under the former basis, are as follows:

(Unit : Baht)

	Consolidated financial statements				
	under the former basis	Classification and measurement in accordance with TFRS 9			Total
		Fair value through profit or loss	Fair value through other comprehensive income	Amortized cost	
Financial assets as at January 1, 2020					
Cash and cash equivalents	170,307,526.68	-	-	170,307,526.68	170,307,526.68
Current investments – Deposit account	4,107,875.49	-	-	4,107,875.49	4,107,875.49
Trade and other current receivables	189,987,602.70	-	-	189,987,602.70	189,987,602.70
Retention receivable	28,156,136.68	-	-	28,156,136.68	28,156,136.68
Bank deposits with obligations	41,980,274.77	-	-	41,980,274.77	41,980,274.77
Total financial assets	434,539,416.32	-	-	434,539,416.32	434,539,416.32

5. CUMULATIVE EFFECT OF CHANGES IN ACCOUNTING POLICIES DUE TO THE ADOPTION OF NEW FINANCIAL REPORTING STANDARDS

(Cont'd)

(Unit : Baht)

	Separate financial statements				
	under the former	Classification and measurement in accordance with TFRS 9			Total
		Fair value through	Fair value through other	Amortized cost	
	basis	profit or loss	comprehensive income		
Financial assets as at January 1, 2020					
Cash and cash equivalents	123,518,318.76	-	-	123,518,318.76	123,518,318.76
Current investments – Deposit account	4,107,875.49	-	-	4,107,875.49	4,107,875.49
Trade and other current receivables	169,226,914.34	-	-	169,226,914.34	169,226,914.34
Retention receivable	28,156,136.68	-	-	28,156,136.68	28,156,136.68
Bank deposits with obligations	32,726,557.03	-	-	32,726,557.03	32,726,557.03
Total financial assets	357,735,802.30	-	-	357,735,802.30	357,735,802.30

As at January 1, 2020, the Group has not designated any financial liabilities at fair value through profit or loss.

5.1 Leases

Upon initial application of TFRS 16 the Group recognized lease liabilities previously classified as operating leases at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate as at January 1, 2020. For leases previously classified as finance leases, the Group recognized the carrying amount of the right-of-use assets and lease liabilities based on the carrying amounts of the lease assets and lease liabilities immediately before the date of initial application of TFRS 16.

	Consolidated/Separate financial statements (Baht)
Operating lease commitments as at December 31, 2019	9,898,104.16
Less: Short-term leases and leases of low-value assets	(8,161,262.02)
Less: Deferred interest expenses	(109,294.10)
Increase in lease liabilities due to initial adoption TFRS 16	1,627,548.04
Liabilities under finance lease agreements as at December 31, 2019	12,005,046.92
Lease liabilities as at January 1, 2020	13,632,594.96
The above lease liabilities comprise of:	
Current lease liabilities	5,217,286.71
Non-current lease liabilities	8,415,308.25
Total	13,632,594.96

The adjustments of right-of-use assets due to initial adoption TFRS 16 as at January 1, 2020 are summarized below:

	Consolidated/Separate financial statements (Baht)
Land-hired	1,627,548.04
Motor vehicles and machinery	20,541,764.96
Total right-of-use assets	22,169,313.00

6. TRANSACTIONS WITH RELATED PERSONS AND PARTIES

Related person or parties	Relationship
1. Central park land Co., Ltd. (former "Well graded group Co., Ltd")	There are common directors and shareholders.
2. Joint venture PSE-WGE	Subsidiary
3. W TEAM Co., Ltd	Subsidiary
4 Mr. Kriangsak Buanoom	Managing Director

The Company and related parties have the pricing policy as follows:

Related person or parties	Transactions	Pricing policy
1. Central park land Co., Ltd. (former "Well graded group Co., Ltd")	Interest income - Loan	Less than the interest rate of MLR of Bangkok Bank Public Company Limited
2. Joint venture PSE-WGE	Service income	At the agreed rate
3. W TEAM Co., Ltd	Other income - rental	At the agreed rate
4 Mr. Kriangsak Buanoom	Rental	At the agreed rate

Transactions and amounts with related persons and parties in statements of financial position are as follows:

(Unit : Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
Joint venture PSE-WGE				
Other current receivables	-	-	324,504.04	1,972,195.25
Other current payables	-	-	410,537.60	-
Mr. Kraingsak Buanoom				
Accrued expenses	26,666,67	-	26,666,67	-

6. TRANSACTIONS WITH RELATED PERSONS AND PARTIES (Cont'd)

(Unit : Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
Joint venture PSE-WGE				
Revenue from sales of construction				
materials and equipment	-	-	530,819.52	-
Miscellaneous income	-	-	73,705.00	-
Other income – services	-	-	29,846,334.12	1,543,621.00
Other income – rental	-	-	3,803,726.48	443,412.32
Construction material costs	-	-	277,830.00	-
Central park land Co., Ltd.				
Interest income	-	3,472.60	-	3,472.60
Mr. Kraingsak Buanoom				
Rental	26,666.67	-	26,666.67	-

As at December 31, 2020 and December 31, 2019, the Group has letter of guarantee facility which issued by commercial banks as stated in note 31.1, guaranteed by land of Central Park Land Co., Ltd. without any remuneration.

7. CASH AND CASH EQUIVALENTS

Cash and cash equivalents as at December 31, 2020 and 2019, are as follows:

(Unit : Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
Cash	380,000.00	800,000.00	380,000.00	680,000.00
Current accounts	56,761,620.35	74,429,307.27	54,036,375.84	57,650,747.11
Savings deposit	388,789,751.98	94,521,803.70	297,006,667.98	64,631,155.94
Fixed deposit - 3 months	-	556,415.71	-	556,415.71
Total	445,931,372.33	170,307,526.68	351,423,043.82	123,518,318.76

8. OTHER CURRENT FINANCIAL ASSETS/ DEPOSIT ACCOUNT

(Unit : Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
Fixed deposit - 12 month:	4,144,576.94	4,107,875.49	4,144,576.94	4,107,875.49

9. TRADE AND OTHER CURRENT RECEIVABLES

Trade and other current receivables as at December 31, 2020 and 2019, are as follows:

(Unit : Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
Trade accounts receivable - other companies	76,493,646.21	166,458,129.67	76,493,646.21	144,150,082.67
Note receivables	56,376,192.80	-	56,376,192.80	-
Total trade accounts receivable	132,869,839.01	166,458,129.67	132,869,839.01	144,150,082.67
Other current receivables – subsidiaries	-	-	324,504.04	1,972,195.25
Other current receivables – other companies				
Accrued income	239,081.97	-	239,081.97	-
Deposit - Construction supplies	6,820,197.05	8,070,717.09	6,820,197.05	8,070,717.09
Prepaid for labor costs	763,417.56	7,270,942.75	763,417.56	7,270,942.75
Prepaid expenses	6,129,311.59	3,100,440.06	6,129,311.59	2,965,370.68
Advance payment	331,543.00	848,360.66	331,543.00	830,960.66
Undue input tax	2,617,221.87	1,505,460.09	2,551,980.76	1,233,092.86
Revenue Department Receivables	1,743,259.87	1,018.93	684,378.09	973.43
Other	12,906,774.24	7,222,503.73	12,901,248.61	7,222,549.23
Total	31,550,807.15	28,019,443.31	30,611,522.37	29,566,801.95
<u>Less</u> Allowance for doubtful accounts				
- other current receivables	(4,489,970.28)	(4,489,970.28)	(4,489,970.28)	(4,489,970.28)
Total other current receivables	27,060,836.87	23,529,473.03	26,121,552.09	25,076,831.67
Total trade and other current receivables	159,930,675.88	189,987,602.70	158,991,391.10	169,226,914.34

9. TRADE AND OTHER CURRENT RECEIVABLES (Cont'd)

Trade accounts receivable separated by aging as follows:

(Unit : Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
Undue	43,897,298.54	74,126,742.65	43,897,298.54	51,818,695.65
Overdue				
- Less than 3 months	33,855,371.4	92,327,753.19	33,855,371.4	92,327,753.19
- Over 3 - 6 months	42,264,096.7	3,633.83	42,264,096.7	3,633.83
- Over 6 - 12 months	12,853,072.37	-	12,853,072.37	-
- Over 12 months	-	-	-	-
Total	<u>132,869,839.01</u>	<u>166,458,129.67</u>	<u>132,869,839.01</u>	<u>144,150,082.67</u>

10. SHORT-TERM LOANS

As at December 31, 2019, the Group has loans to employees for the amount of Baht 5,500 (Separate: Baht 5,500) which entered into loan agreement but has no interest bearing.

11. Contract assets/Contract liabilities

11.1 Contract assets/Contract liabilities as at December 31, 2020 and 2019, are as follows:

(Unit : Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
Current contract assets				
Unbilled construction in progress	107,354,188.61	11,832,708.54	107,354,188.61	10,273,965.77
Non - current contract assets				
Retention receivables	23,455,174.54	28,156,136.68	23,455,174.54	28,156,136.68
Contract liabilities				
Billed in advance Under Construction contract	7,874,918.54	21,727,962.21	7,874,918.54	21,727,962.21
Amounts received in advance Under Construction contract	102,338,940.31	104,978,980.74	102,338,940.31	79,919,835.11
Contract liabilities	<u>110,213,858.85</u>	<u>126,706,942.95</u>	<u>110,213,858.85</u>	<u>101,647,797.32</u>

11.2 Recognized income related to contract balance

Recognized income related to contract balance for the year ended December 31, 2020 are as follows:

(Unit : Baht)

	Consolidated	Separate
	financial statements	financial statements
Recognized income included in unearned construction income brought forwards	87,860,362.49	62,801,216.86

11.3 Revenues expected to recognize for performance obligations which were not satisfied

As at December 31, 2020, the Group expected that the future revenues to be recognized for unsatisfied performance obligations (or partially unsatisfied) of contract with customers amount of Baht 984.44 million (Separate: Baht 984.44 million). The Company expected to satisfy the performance obligations under the contract to be completed within 2 years (Separate: 2 years).

12. INVENTORIES

Inventories as at December 31, 2020 and 2019, are as follows:

(Unit : Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
Construction supplies	7,791,041.15	3,716,998.83	7,791,041.15	3,123,016.62
Work in process	-	1,935,630.00	-	1,935,630.00
Supplies	1,231,323.11	688,036.92	1,231,323.11	634,866.31
Total	9,022,364.26	6,340,665.75	9,022,364.26	5,693,512.93

13. BANK DEPOSITS WITH OBLIGATIONS

As at December 31, 2020 and 2019, the Group has bank deposits amount of Baht 32,726,557.03 and Baht 41,980,274.77 (Separate: as at December 31, 2020 and 2019, the Company has bank deposits amount of Baht 32,726,557.03 and Baht 41,980,274.77 respectively) used as guarantee against short-term borrowings from financial institution as stated in note 20 and bank issuance of letter of guarantee as stated in note 31.1.

14. INVESTMENT IN SUBSIDIARIES

Investment in subsidiaries as at December 31, 2020 and 2019, are as follows:

(Unit : Baht)

Name of subsidiaries	Type of business	Proportion of investment		Separate financial statements	
		(Percentage)		Cost method	
		2020	2019	2020	2019
Joint venture PSE-WGE	Construction contractor	99	99	19,800,000.00	19,800,000.00
W TEAM Co., Ltd.	Construction contractor	100	-	11,249,987.50	-
	Total			31,049,987.50	19,800,000.00

15. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment as at December 31, 2020 and 2019, are as follows:

(Unit: Baht)

	Consolidated financial statements							
	Land	Buildings and improvements	Machinery	Construction tools and equipment	Office equipment	Vehicles	Building in progress	Total
Cost :								
As at January 1, 2019	34,531,300.00	43,897,498.89	32,192,252.34	35,724,711.91	12,120,482.15	19,459,597.32	533,300.00	178,459,142.61
Acquisition	40,691,385.93	2,422,336.07	9,500,000.00	12,292,955.50	2,305,226.21	3,292,075.00	14,008,638.53	84,512,617.24
Disposal	-	-	(2,523,364.49)	(2,941,740.06)	(787,144.06)	-	-	(6,252,248.61)
As at December 31, 2019	75,222,685.93	46,319,834.96	39,168,887.85	45,075,927.35	13,638,564.30	22,751,672.32	14,541,938.53	256,719,511.24
Classified as right-of-use assets from adoption TFRS 16	-	-	(7,100,000.00)	-	-	(17,915,226.29)	-	(25,015,226.29)
As at January 1, 2020	75,222,685.93	46,319,834.96	32,068,887.85	45,075,927.35	13,638,564.30	4,836,446.03	14,541,938.53	231,704,284.95
Acquisition	-	-	2,020,000.00	7,581,787.20	3,094,071.31	315,000.00	16,701,361.60	59,053,114.20
Transfer in right-of-use assets	-	-	2,500,000.00	-	-	-	-	2,500,000.00
Disposal	-	-	-	(1,997,070.63)	(1,055,404.38)	(24,000.00)	-	(32,417,369.10)
Reclassify/Transfer in (out)	-	26,293,805.51	-	-	3,047,088.58	-	(29,340,894.09)	-
As at December 31, 2020	75,222,685.93	72,613,640.47	36,588,887.85	50,660,643.92	18,724,319.81	5,127,446.03	1,902,406.04	260,840,030.05

15. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

(Unit: Baht)

	Consolidated financial statements						
	Land	Buildings and improvements	Machinery	Construction tools and equipment	Office equipment	Vehicles	Building in progress
Accumulated depreciation :							Total
As at January 1, 2019	-	(5,476,657.90)	(16,067,801.43)	(14,327,972.72)	(6,042,808.32)	(4,593,139.08)	- (46,508,379.45)
Depreciation for the year	-	(1,830,612.83)	(3,440,026.49)	(6,518,383.48)	(2,559,836.05)	(1,949,109.80)	- (16,297,968.65)
Depreciation of disposal	-	-	714,677.54	1,548,326.49	590,151.36	-	- 2,853,155.39
As at December 31, 2019	-	(7,307,270.73)	(18,793,150.38)	(19,298,029.71)	(8,012,493.01)	(6,542,248.88)	(59,953,192.71)
Classified as right-of-use assets from adoption TFRS 16	-	-	1,049,967.12	-	-	3,423,494.21	- 4,473,461.33
As at January 1, 2020	-	(7,307,270.73)	(17,743,183.26)	(19,298,029.71)	(8,012,493.01)	(3,118,754.67)	- (55,479,731.38)
Depreciation for the year	-	(2,652,076.65)	(2,419,964.07)	(8,580,222.72)	(3,272,817.16)	(489,217.17)	- (17,414,297.81)
Transfer in right-of-use assets	-	-	(687,328.76)	-	-	-	- (687,328.76)
Depreciation of disposal	-	-	-	806,822.26	758,290.77	23,999.00	- 1,589,112.07
As at December 31, 2020	-	(9,959,347.38)	(20,850,476.09)	(27,071,430.17)	(10,527,019.40)	(3,583,972.84)	(71,992,245.88)

15. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

(Unit: Baht)

	Consolidated financial statements							
	Construction							Total
	Land	Buildings and improvements	Machinery	tools and equipment	Office equipment	Vehicles	Building in progress	
Net book value :								
As at December 31, 2019	75,222,685.93	39,012,564.23	20,375,737.47	25,777,897.64	5,626,071.29	16,209,423.44	14,541,938.53	196,766,318.53
As at December 31, 2020	75,222,685.93	62,654,293.09	15,738,411.76	23,589,213.75	8,197,300.41	1,543,473.19	1,902,406.04	188,847,784.17

Depreciation in statements of comprehensive income

For the year ended December 31, 2019	16,297,968.65
For the year ended December 31, 2020	17,414,297.81

As at December 31, 2020 and 2019, the Company used land with its construction at carrying value of Baht 137.88 million and Baht 114.24 million respectively to mortgage as guarantee against short-term borrowings from financial institution as stated in note 20 and bank issuance of letter of guarantee as stated in note 31.1.

As at December 31, 2020 and 2019, the Company has fixed assets at cost of Baht 28.27 million and Baht 17.10 million respectively which were depreciated but are still in use.

15. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

Property, plant and equipment as at December 31, 2020 and 2019, are as follows:

(Unit: Baht)

	Separate financial statements							Total
	Land	Buildings and improvements	Machinery	Construction tools and equipment	Office equipment	Vehicles	Building in progress	
Cost :								
As at January 1, 2019	34,531,300.00	43,897,498.89	32,192,252.34	35,724,711.91	12,120,482.15	19,459,597.32	533,300.00	178,459,142.61
Acquisition	40,691,385.93	2,422,336.07	9,500,000.00	12,292,955.50	2,305,226.21	3,292,075.00	14,008,638.53	84,512,617.24
Disposal	-	-	(2,523,364.49)	(2,941,740.06)	(787,144.06)	-	-	(6,252,248.61)
As at December 31, 2019	75,222,685.93	46,319,834.96	39,168,887.85	45,075,927.35	13,638,564.30	22,751,672.32	14,541,938.53	256,719,511.24
Classified as right-of-use assets from adoption TFRS 16	-	-	(7,100,000.00)	-	-	(17,915,226.29)	-	(25,015,226.29)
As at January 1, 2020	75,222,685.93	46,319,834.96	32,068,887.85	45,075,927.35	13,638,564.30	4,836,446.03	14,541,938.53	231,704,284.95
Acquisition	-	26,293,805.51	2,020,000.00	7,581,787.20	6,141,159.89	315,000.00	16,701,361.60	59,053,114.20
Transfer in right-of-use assets	-	-	2,500,000.00	-	-	-	-	2,500,000.00
Disposal	-	-	-	(1,997,070.63)	(1,055,404.38)	(24,000.00)	(29,340,894.09)	(32,417,369.10)
As at December 31, 2020	75,222,685.93	72,613,640.47	36,588,887.85	50,660,643.92	18,724,319.81	5,127,446.03	1,902,406.04	260,840,030.05

15. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

(Unit: Baht)

	Separate financial statements						
	Land	Buildings and improvements	Machinery	Construction tools and equipment	Office equipment	Vehicles	Building in progress
Accumulated depreciation :							Total
As at January 1, 2019	-	(5,476,657.90)	(16,067,801.43)	(14,327,972.72)	(6,042,808.32)	(4,593,139.08)	(46,508,379.45)
Depreciation for the year	-	(1,830,612.83)	(3,440,026.49)	(6,510,973.33)	(2,556,672.28)	(1,949,109.80)	(16,287,394.73)
Depreciation of disposal	-	-	714,677.54	1,548,326.49	590,151.36	-	2,853,155.39
As at December 31, 2019	-	(7,307,270.73)	(18,793,150.38)	(19,290,619.56)	(8,009,329.24)	(6,542,248.88)	(59,942,618.79)
Classified as right-of-use assets from adoption TFRS 16	-	-	1,049,967.12	-	-	3,423,494.21	4,473,461.33
As at January 1, 2020	-	(7,307,270.73)	(17,743,183.26)	(19,290,619.56)	(8,009,329.24)	(3,118,754.67)	(55,469,157.46)
Depreciation for the year	-	(2,652,076.65)	(2,419,964.07)	(8,440,101.63)	(3,229,703.99)	(489,217.17)	(17,231,063.51)
Transfer in right-of-use assets	-	-	(687,328.76)	-	-	-	(687,328.76)
Depreciation of disposal	-	-	-	659,291.02	712,013.83	23,999.00	1,395,303.85
As at December 31, 2020	-	(9,959,347.38)	(20,850,476.09)	(27,071,430.17)	(10,527,019.40)	(3,583,972.84)	(71,992,245.88)

15. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

(Unit: Baht)

	Separate financial statements							Total
	Land	Buildings and improvements	Machinery	Construction tools and equipment	Office equipment	Vehicles	Building in progress	
Net book value :								
As at December 31, 2019	75,222,685.93	39,012,564.23	20,375,737.47	25,403,907.79	5,481,242.54	16,209,423.44	14,541,938.53	196,247,499.93
As at December 31, 2020	75,222,685.93	62,654,293.09	15,738,411.76	23,589,213.75	8,197,300.41	1,543,473.19	1,902,406.04	188,847,784.17

Depreciation in statements of comprehensive income

For the year ended December 31, 2019	16,287,394.73
For the year ended December 31, 2020	17,231,063.51

As at December 31, 2020 and 2019, the Company used land with its construction at carrying value of Baht 137.88 million and Baht 114.24 million respectively to mortgage as guarantee against short-term borrowings from financial institution as stated in note 20 and bank issuance of letter of guarantee as stated in note 31.1.

As at December 31, 2020 and 2019, the Company has fixed assets at cost of Baht 28.27 million and Baht 17.10 million respectively which were depreciated but are still in use.

16. RIGHT-OF-USE ASSETS

16.1 The increase and decrease of right-of-use assets for the year ended December 31, 2020 are summarized as follows:

	Consolidated/Separate financial statements (Baht)		
	Land	Vehicles	Total
Net book value as at December 31, 2019	-	-	-
Classified as right-of-use assets from adoption TFRS			
16	1,627,548.04	20,541,764.96	22,169,313.00
Net book value as at January 1, 2020	1,627,548.04	20,541,764.96	22,169,313.00
Purchase during the period - cost	-	11,309,800.00	11,309,800.00
Transfer out right-of-use assets	-	(1,812,671.24)	(1,812,671.24)
Depreciation for the year ended	(887,753.48)	(3,439,363.34)	(4,327,116.82)
Net book value as at December 31, 2020	739,794.56	26,599,530.38	27,339,324.94

17. OTHER INTANGIBLE ASSETS

Other intangible assets as at December 31, 2020 and 2019, are as follows:

(Unit: Baht)

	Consolidated	Separate
	financial statements	financial statements
	Software copyright	
Cost :		
As at January 1, 2019	4,311,650.00	4,311,650.00
Acquisition	1,554,100.00	1,554,100.00
Disposal	(477,500.00)	(477,500.00)
As at December 31, 2019	5,388,250.00	5,388,250.00
Acquisition	3,025,400.00	3,025,400.00
As at December 31, 2020	8,413,650.00	8,413,650.00

17. OTHER INTANGIBLE ASSETS (Cont'd)

(Unit: Baht)

	Consolidated	Separate
	financial statements	financial statements
	<u>Software copyright</u>	
Accumulated amortization :		
As at January 1, 2019	(1,703,181.26)	(1,703,181.26)
Amortization for the year	(611,101.64)	(611,101.64)
Amortization of disposal	457,239.94	457,239.94
As at December 31, 2019	(1,857,042.96)	(1,857,042.96)
Amortization for the year	(680,240.07)	(680,240.07)
As at December 31, 2020	(2,537,283.03)	(2,537,283.03)
Net book value :		
As at December 31, 2019	3,531,207.04	3,531,207.04
As at December 31, 2020	5,876,366.97	5,876,366.97
Amortization in statements of comprehensive income		
For the year ended December 31, 2019	611,101.64	611,101.64
For the year ended December 31, 2020	680,240.07	680,240.07

18. DEFERRED TAX/TAX EXPENSE

18.1 Deferred assets and liabilities after offsetting included in statements of financial position are detailed as follows:

(Unit: Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
Deferred tax assets				
Allowance for doubtful accounts	897,994.06	897,994.06	897,994.06	897,994.06
Accumulated depreciation	-	75,532.71	-	75,532.71
Employee benefit provisions	643,725.60	658,913.60	643,725.60	658,913.60
Long-term provisions	2,886,616.97	4,502,376.30	2,689,457.11	4,502,376.30
Total	4,428,336.63	6,134,816.67	4,231,176.77	6,134,816.67
Deferred tax liabilities				
Lease liabilities	-	(1,200,720.62)	-	(1,200,720.62)
Net	4,428,336.63	4,934,096.05	4,231,176.77	4,934,096.05

18.2 Tax expense for the year ended December 31, 2020 and 2019 are summarized as follows:

(Unit: Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
Current tax :				
Income tax for the year	12,375,723.91	32,858,654.19	609,907.66	31,334,276.34
Deferred tax :				
Deferred tax resulted from temporary difference and reversal of temporary difference	249,146.22	(3,460,092.01)	446,306.08	(3,460,092.01)
Tax expense	12,624,870.13	29,398,562.18	1,056,213.74	27,874,184.33

18.3 Tax expense

(Unit: Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
Actuarial gain (loss) on defined				
for employee benefit plan	1,283,066.00	(524,691.00)	1,283,066.00	(524,691.00)
Tax (expense) income	(256,613.20)	104,938.20	(256,613.20)	104,938.20
Net of income tax	1,026,452.80	(419,752.80)	1,026,452.80	(419,752.80)

Reconciliation between tax expense and multiplication of accounting profit and tax rate used for the year ended December 31, 2020, and 2019

(Unit: Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
Taxable profit before income tax	58,217,076.53	144,054,583.33	425,621.80	136,432,798.13
Income tax rate	20%	20%	20%	20%
Taxable profit before income tax				
multiply with tax rate	11,649,399.68	28,810,916.67	85,124.36	27,286,559.63
Taxable effects for :				
Taxable deduction (after tax)	726,324.23	4,047,737.53	524,783.30	4,047,716.72
Deferred tax resulted from				
temporary difference and				
reversal of temporary difference	249,146.22	(3,460,092.01)	446,306.08	(3,460,092.01)
Total	975,470.45	587,645.52	971,089.38	587,624.71
Tax expense presented in statements				
of income	12,624,870.13	29,398,562.18	1,056,213.74	27,874,184.33
Effective income tax rate	21.69%	20.41%	248.16%	20.43%

19. OTHER NON-CURRENT ASSETS

Other non-current assets as at December 31, 2020 and 2019, are as follows:

	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2020	2019	2020	2019
Income tax deducted at source	13,482,840.43	21,751,546.13	13,482,840.43	21,751,546.13
Deposit	656,476.34	1,315,154.85	656,476.34	1,315,154.85
Guarantee for utilities usage	264,500.00	406,500.00	264,500.00	406,500.00
Total	14,403,816.77	23,473,200.98	14,403,816.77	23,473,200.98
Less Expected credit loss allowance	(805,990.47)	-	(805,990.47)	-
Total other non-current assets	13,597,826.30	23,473,200.98	13,597,826.30	23,473,200.98

20. SHORT-TERM BORROWINGS FROM FINANCIAL INSTITUTION

Short-term borrowings from financial institution as at December 31, 2020 and 2019, are as follows:

	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2020	2019	2020	2019
Promissory note	26,251,865.74	20,076,481.22	26,251,865.74	20,076,481.22
Total	26,251,865.74	20,076,481.22	26,251,865.74	20,076,481.22

As at December 31, 2020 and 2019, the Group has credit lines with several commercial banks for total amount of Baht 1,296.43 million and baht 873.55 million respectively (Separate : as at December 31, 2020 and 2019 the Company has credit lines with several commercial banks for total amount of Baht 1,220.18 million and Baht 873.55 million respectively) the interest rate designated by bank, guaranteed by land with its construction as stated in notes 15, deposits at bank as stated in note 13, right to claim on construction costs of some projects and land of related company as stated in note 6 and personal guarantee by the directors.

21. TRADE AND OTHER CURRENT PAYABLES

Trade and other current payables as at December 31, 2020 and 2019, are as follows:

(Unit: Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
Trade accounts payable - other companies	39,716,561.66	52,863,495.58	38,993,666.67	45,063,062.63
Other current payable - subsidiaries	-	-	410,537.60	-
Other current payables - other companies				
Unbilled construction cost	30,077,879.55	35,217,478.35	28,495,413.30	28,051,866.14
Retention - sub-contractor	56,420,129.95	69,608,933.30	52,144,003.29	69,442,434.19
Other guarantees	16,305,247.63	22,625,112.07	16,008,148.13	22,625,112.07
Accrued Withholding tax	1,163,686.24	3,501,536.01	1,043,131.39	3,442,946.88
Accrued expenses	3,684,673.21	4,929,477.45	3,499,115.11	4,686,037.36
Undue output tax	8,262,178.86	11,137,155.21	8,262,178.86	9,677,750.27
Revenue Department payable	-	3,494,719.75	-	1,932,840.35
Estimated contingent cost - warranty	985,799.32	-	-	-
Other	4,003,277.98	254,195.00	4,000,278.28	254,195.00
Total other current payables	120,902,872.74	150,768,607.14	113,862,805.96	140,113,182.26
Total trade and other current payables	160,619,434.40	203,632,102.72	152,856,472.63	185,176,244.89

22. LEASE LIABILITIES

22.1 The increase and decrease of lease liabilities for the year ended December 31, 2020 and 2019, are summarized as follows:

	(Unit: Baht)	
	Consolidated	Separate
	financial statements	financial statements
Book value as at December 31, 2019	12,005,046.92	12,005,046.92
Effects of adoption TFRS 16	1,627,548.04	1,627,548.04
Book value as at January 1, 2020	13,632,594.96	13,632,594.96
Lease liabilities increased during the year	8,566,037.00	8,566,037.00
Repayment during the year	(5,989,251.55)	(5,989,251.55)
Book value as at December 30, 2020	16,209,380.41	16,209,380.41
Less : Current portion	(6,556,426.52)	(6,556,426.52)
Lease liabilities - net from current portion	9,652,953.89	9,652,953.89

22. LEASE LIABILITIES (Cont'd)

Details of leased assets under lease are as follows:

(Unit: Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
Cost :				
Vehicle	29,225,026.29	17,915,226.29	29,225,026.29	17,915,226.29
Machinery	4,600,000.00	7,100,000.00	4,600,000.00	7,100,000.00
Total	33,825,026.29	25,015,226.29	33,825,026.29	25,015,226.29
Accumulated depreciation :				
Vehicle	(6,399,386.30)	(3,423,494.21)	(6,399,386.30)	(3,423,494.21)
Machinery	(826,109.61)	(1,049,967.12)	(826,109.61)	(1,049,967.12)
Total	(7,225,495.91)	(4,473,461.33)	(7,225,495.91)	(4,473,461.33)
Net book value - net	26,599,530.38	20,541,764.96	26,599,530.38	20,541,764.96

The minimum amounts to be paid for lease are as follows:

(Unit: Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
Within 1 year	7,218,652.18	4,892,054.94	7,218,652.18	4,892,054.94
Over 1 year to 5 years	10,241,662.01	8,099,115.35	10,241,662.01	8,099,115.35
Total	17,460,314.19	12,991,170.29	17,460,314.19	12,991,170.29
Less Future interest under lease	(1,133,678.03)	(755,430.56)	(1,133,678.03)	(755,430.56)
Less Deferred input tax	(117,255.75)	(230,692.81)	(117,255.75)	(230,692.81)
Present value of lease liabilities	16,209,380.41	12,005,046.92	16,209,380.41	12,005,046.92

22. LEASE LIABILITIES (Cont'd)

Lease liabilities are excluded future interest expenses as follows:

(Unit: Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
Lease liabilities	16,209,380.41	12,005,046.92	16,209,380.41	12,005,046.92
Less Current portion of lease liabilities	(6,556,426.52)	(4,364,912.65)	(6,556,426.52)	(4,364,912.65)
Lease liabilities - net	9,652,953.89	7,640,134.27	9,652,953.89	7,640,134.27

23. LONG-TERM BORROWINGS

Long-term borrowings as at December 31, 2020, are as follows:

(Unit: Baht)

	Consolidated	Separate
	financial statements	financial statements
Net book value as at January 1, 2020	-	-
Proceeds during the year	33,949,928.05	33,949,928.05
Repayment during the year	(1,680,000.00)	(1,680,000.00)
Total	32,269,928.05	32,269,928.05
Less Current portion of long-term borrowings	(5,608,800.00)	(5,608,800.00)
Net book value as at December 31, 2020	26,661,128.05	26,661,128.05

As at December 31, 2020, the company has borrowing from commercial banks for three agreements as follows:

No. 1 The credit for a term loan with Krung Thai Bank Public Company Limited dated January 24, 2020 for the credit amount of Baht 15 million for investment in equipment and machines related to the business operation of the Company with the repayment period of 36 installments (months) from the agreement date at the interest rate of MLR-1.5% per annum. The interest is payable on a monthly. The credit is guarantee by part of machines as stated in note 15, The Credit Guarantee Corporation and personal guarantee by the directors.

23. LONG-TERM BORROWINGS (Cont'd)

No. 2 The soft loans to assist entrepreneurs who are directly and indirectly impacted by the Coronavirus (COVID 19) outbreak of The Government Savings Bank from Kasikorn Bank No. L828/020552/2563 dated April 11, 2020 for the credit amount of Baht 20 million. The repayment is designated for 60 installments (months) at the interest rate of 2.00% per annum for the 1st-24th installment and MLR per annum for the 25th-60th installment, the first repayment of principal will be made on the last business date of the 25th month. This credit guaranteed by the personal directors.

No. 3 The credit for a term loan with Krung Thai Bank Public Company Limited dated July 7, 2020 for the credit amount of Baht 1.19 million for operation of the Company with the repayment period of 60 installments (months) from the agreement date at the interest rate of 2.00% per annum for the 1st-24th installment and MLR-1.00% per annum for the 25th-60th installment, the first repayment of principal will be made on the 13th month. This credit guaranteed by the personal directors.

24. EMPLOYEE BENEFIT OBLIGATIONS

The Group had obligations relating to employee benefit obligation based on the requirement of Thai Labour Protection Act B.E. 2541 to provide retirement benefits to employees based on pensionable remuneration and length of service and long-term service awards.

The defined benefit plans expose the Company to actuarial risks, such as longevity risk, currency risk, interest rate risk and market (investment) risk.

The statement of financial position obligation was determined as follows:

	(Unit: Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
Present value of obligations	3,218,628.00	3,294,568.00	3,218,628.00	3,294,568.00

24. EMPLOYEE BENEFIT OBLIGATIONS (Cont'd)

Movement in the present value of the employee benefit obligations

(Unit: Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
Employee benefit obligations at the beginning of year	3,294,568.00	1,727,060.00	3,294,568.00	1,727,060.00
Current cost of service	1,171,746.00	988,965.00	1,171,746.00	988,965.00
Interest on obligation	35,380.00	53,852.00	35,380.00	53,852.00
Actuarial losses (gains) in other comprehensive income	(1,283,066.00)	524,691.00	(1,283,066.00)	524,691.00
Employee benefit obligations at the end of year	<u>3,218,628.00</u>	<u>3,294,568.00</u>	<u>3,218,628.00</u>	<u>3,294,568.00</u>

Employee benefits realized in following transaction in statements of comprehensive income for the year ended December 31, 2020 and 2019

(Unit: Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
Cost of sales	594,425.00	609,529.00	594,425.00	609,529.00
Administrative expenses	612,293.00	433,288.00	612,293.00	433,288.00
Total	<u>1,206,718.00</u>	<u>1,042,817.00</u>	<u>1,206,718.00</u>	<u>1,042,817.00</u>

24. EMPLOYEE BENEFIT OBLIGATIONS (Cont'd)

Actuarial losses (gains) recognized in other comprehensive income:

(Unit: Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
As at January 1	-	-	-	-
Recognized during the year	(1,283,066.00)	524,691.00	(1,283,066.00)	524,691.00
As at December 31	(1,283,066.00)	524,691.00	(1,283,066.00)	524,691.00

Actuarial losses (gains) recognized in other comprehensive income arising from:

(Unit: Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
Financial assumptions	(1,283,066.00)	524,691.00	(1,283,066.00)	524,691.00
Total	(1,283,066.00)	524,691.00	(1,283,066.00)	524,691.00

On April 5, 2019, new Labour Protection Act was published in the Royal Gazette which will become effective after 30 days from the date of its publication in the Royal Gazette onwards which determined the additional rate of severance pay in the case of termination of employment for a terminated employee who has worked for 20 consecutive years or more and shall be entitled to receive payment not less than the last rate of wages for 400 days. The Company has recorded the effects of the aforementioned Labour Protection Act in the financial statements in 2019 as costs of services immediately.

Principal actuarial assumption are as follows:

	Consolidated and Separate	
	financial statements	
	2020	2019
Discount rate base on daily employee	1.76	1.67
Salaries increase base on daily and monthly employees	5.00	5.00

24. EMPLOYEE BENEFIT OBLIGATIONS (Cont'd)

Sensitivity analysis

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

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
Defined benefit obligation				
as at December 31, 2020	Increase	Decrease	Increase	Decrease
Discount rate (1.0% movement)	(357,736.00)	414,243.00	(357,736.00)	414,243.00
Future salary growth (1.0% movement)	371,553.00	(328,105.00)	371,553.00	(328,105.00)

25. SHARE CAPITAL

According to the minutes of the annual general meeting No.1/2020 held on March 26, 2020, passed the resolution to change the number and par value of share capital from 2,200,000 share of Baht 100 each to Baht 440,000,000 shares of Baht 0.50 each and at the same meeting passed the resolution to increase share capital from Baht 220,000,000 to Baht 300,000,000 by issuing new ordinary shares for 160,000,000 shares at par value of Baht 0.50 each which was not paid-up and the company has registered with the Ministry of Commerce on April 7, 2020. On October 29, 2020, the Company received an additional paid-up share capital for 160,000,000 ordinary shares with a par value of Baht 0.5 per share from an initial public offering ("IPO") at IPO price of Baht 2.30 per share, totaling Baht 368 million. Resulting in share premium amounting to Baht 276.99 million net of direct costs attributable to the share offering totaling Baht 11.04 million. The Company additional paid-up share capital with the Ministry of Commerce on October 29, 2020. The Company's shares traded in the Stock Exchange of Thailand commencing on November 3, 2020.

According to the minutes of shareholders' extraordinary meeting No.2/2019 held on December 11, 2019, passed the resolution to increase share capital from Baht 200,000,000 to Baht 220,000,000 by issuing new ordinary shares for 200,000 shares at par value of Baht 100 each which was paid-up on December 13, 2019 and the Company has registered with the Ministry of Commerce on December 23, 2019.

26. LEGAL RESERVE

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside to a statutory reserve at least 5 percent of its net profit after deducting accumulated deficit brought forward (if any), until the reserve reaches 10 percent of the registered capital. The statutory reserve is not available for dividend distribution.

27. DIVIDEND

Annual General Meeting of the shareholders No.1/2020 held on March 26, 2020, passed the resolution to pay dividend to the shareholders at Baht 18.1818 per share in the amount of Baht 40.00 million for 2,200,000 shares which paid by cheque net of tax in the amount of Baht 36.00 million on April 20, 2020. Such cheque was taken to deposit on July 23, 2020.

On November 14, 2019, at the Board of directors' meeting No.8/2019, passed the resolution to approve the appropriation of profit and payment interim dividend for the amount of Baht 100.00 million to the shareholders for 2,000,000 shares at Baht 50.00 each which was paid on November 27, 2019.

28. EXPENSES ANALYZED BY NATURE

For the year ended December 31, 2020 and 2019 are as follows:

(Unit: Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
Construction supplies and supplies used	264,593,390.32	544,763,426.42	216,631,094.35	533,524,568.14
Subcontractor wages	287,290,142.66	491,899,936.29	194,624,785.97	488,786,359.59
Employee benefits expenses	129,412,806.24	182,951,652.57	129,410,044.38	182,951,652.57
Rental of machinery, tools and equipment	12,946,892.09	17,231,399.79	7,362,957.90	17,049,462.29
Depreciation and amortization	23,239,283.27	17,352,864.65	23,239,283.27	17,342,290.73
Directors' remuneration	315,000.00	165,000.00	315,000.00	165,000.00
Management benefit expenses	9,666,502.00	12,514,567.00	9,666,502.00	12,514,567.00

29. DIRECTORS' REMUNERATION AND MANAGEMENT BENEFIT EXPENSES

Directors' remuneration is the benefits being paid to the Group's directors, excluding salaries and related benefits payable to the executive.

Management benefit is expenses relating to salaries, remunerations and other benefits to be paid the directors who are holding management position, in accordance with the definitions of the Office of Securities and Exchange Commission. The Management under this definition includes a chief executive officer, the next four executive levels immediately below that chief executive officer and all persons in position comparable to these fourth executive levels.

30. SUPPLEMENTAL DISCLOSURE OF CASH FLOWS INFORMATION

30.1 Cash and cash equivalents consist of cash on hand and the balance at bank from the transactions in statements of financial position (notes 7).

30.2 In 2020, the Group entered into financial lease for acquisition machineries and cars in the amount of Baht 8.57 million.

31. COMMITMENT AND CONTINGENT LIABILITIES

31.1 As at December 31, 2020 and 2019, the Group has commitment from commercial bank issuance of letter of guarantee in the amount of Baht 505.58 million and Baht 408.95 million respectively (Separate: as at December 31, 2020 and 2019, the Company has commitment from commercial bank issuance of letter of guarantee in the amount of Baht 505.58 million and Baht 408.95 million respectively), guaranteed by land of related company as stated in note 6, deposits at bank as stated in note 13 and land with its construction as stated in note 15 and personal guarantee by the directors.

31.2 As at December 31, 2020 and 2019, the Group has commitment from issuance of cheque guarantee in the amount of Baht 87.37 million Baht 68.80 million respectively (Separate: as at December 31, 2020 and 2019, the Company has commitment from issuance of cheque guarantee in the amount of Baht 87.37 million and Baht 68.80 million respectively). The company has received a cheque guarantee back in the amount of 65.29 million baht on January 15, 2021.

32. PROVIDENT FUND

For the year ended December 31, 2020 the group has paid contribution to the provident fund for approximately Baht 1.25 million (Separate: Baht 1.25 million)

33. EARNINGS PER SHARE

For the year ended December 31, 2020 and 2019 are as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
Profit of common shares of company				
(Baht)	45,129,679.20	114,595,047.08	(630,591.94)	108,558,613.80
Weighted average number of ordinary				
shares (share)	467,978,142.08	400,986,301.37	467,978,142.08	400,986,301.37
Earnings per share (Baht per share)	0.10	0.29	(0.00)	0.27

The Company has adjusted the number of ordinary shares in calculating earnings per share by changing the number of ordinary shares based on the proportion of changed number of ordinary shares by reducing the par value from Baht 100 each to Baht 0.50 each as stated in notes 25 to financial statements and the Company has adjusted the number of ordinary shares in calculating previous earnings per share for comparative purpose as if the changes in par value of share capital were incurred since the date of first reporting.

34. FINANCIAL INSTRUMENT DISCLOSURES

34.1 Accounting policy

The significant accounting policies and method adopted including the basis of recognition and measurement relating to each class of financial assets and liabilities have been disclosed in note 3.

34.2 Credit risk

The Group is exposed to credit risk primarily with to trade and other receivables. The maximum amount that the Group may receive from credit is the book value show in the statement of financial position.

34.3 Defaulted on agreement risk

Credit risk derives from failure by counterparties to discharge their obligations resulting in financial loss to the Company. Financial assets shown in statements of financial position at the book value deducted by allowance for expected credit loss is maximum value of credit risk.

34.4 Fair value of financial instruments

Financial assets shown in statements of financial position consist of cash, deposit at bank, current investments, trade and other current receivables, and financial liabilities shown in statements of financial position consist of trade and other current payables borrowings and financial lease payable. The book value of financial assets and liabilities are closed to their estimated fair value. Furthermore, the management believes that there is no material risk financial instruments.

34.5 Market risk

Interest rate risk

Interest rate risk is the risk that future movements in market interest rates will affect the results of the Company's operations and its cash flows. The Company is primarily exposed to interest rate risk from long-term investments. The management has considered that the interest rate risk is low as the interest rates are mainly fixed.

34. FINANCIAL INSTRUMENT DISCLOSURES (Cont'd)

(Unit : Baht)

Consolidated financial statements as at December 31, 2020

Items	Not e	Floating interest rate	Fixed interest rate	Zero interest rate	Total	Interest rate
<u>Financial assets</u>						
Cash and cash equivalents	7	388,789,751.98	-	57,141,620.35	445,931,372.33	0.00% - 0.125 %
Other current financial assets	8	-	4,144,576.94	-	4,144,576.94	0.89%
Trade and other current receivables	9	-	-	159,930,675.88	159,930,675.88	-
Bank deposits with obligations	13	32,726,557.03	-	-	32,726,557.03	0.25% – 0.375%
<u>Financial Liabilities</u>						
Short-term borrowings from						1.25%–1.50%
financial institution	20	3,308,140.40	22,943,725.34	-	26,251,865.74	MLR
Trade and other current payables	21	-	-	160,619,434.40	160,619,434.40	-
Financial lease liabilities	22	-	16,209,380.41	-	16,209,380.41	1.59% – 3.40%
Loans from financial institutions	23	11,079,928.05	21,190,000.00	-	32,269,928.05	2.00% , MLR

(Unit : Baht)

Separate financial statements as at 31 December 2020

Items	Note	Floating interest rate	Fixed interest rate	Zero interest rate	Total	Interest rate
<u>Financial assets</u>						
Cash and cash equivalents	7	297,006,667.98	-	54,416,375.84	351,423,043.82	0.00% - 0.125 %
Other current financial assets	8	-	4,144,576.94	-	4,144,576.94	0.89%
Trade and other current receivables	9	-	-	158,991,391.10	158,991,391.10	-
Bank deposits with obligations	13	-	32,726,557.03	-	32,726,557.03	0.25% – 0.375%
<u>Financial Liabilities</u>						
Short-term borrowings from						1.25%–1.50%
financial institution	20	3,308,140.40	22,943,725.34	-	26,251,865.74	MLR
Trade and other current payables	21	-	-	152,856,472.63	152,856,472.63	-
Financial lease liabilities	22	-	16,209,380.41	-	16,209,380.41	1.59% – 3.40%
Loans from financial institutions	23	11,079,928.05	21,190,000.00	-	32,269,928.05	2.00% , MLR

34. FINANCIAL INSTRUMENT DISCLOSURES (Cont'd)

(Unit : Baht)

Consolidated financial statements as at December 31, 2019

Items	Note	Floating interest rate	Fixed interest rate	Zero interest rate	Total	Interest rate
<u>Financial assets</u>						
Cash and cash equivalents	7	94,521,803.70	556,415.71	75,229,307.27	170,307,526.68	0.00% - 0.50 %
Other current financial assets	8	-	4,107,875.49	-	4,107,875.49	0.89%
Trade and other current receivables	9	-	-	189,987,602.70	189,987,602.70	-
Bank deposits with obligations	13	-	41,980,274.77	-	41,980,274.77	0.50% – 0.80%
<u>Financial Liabilities</u>						
Short-term borrowings from financial institution	20	5,957,981.55	14,118,499.67	-	20,076,481.22	1.25%–1.50%, MLR
Trade and other current payables	21	-	-	203,632,102.72	203,632,102.72	-
Financial lease liabilities	22	-	12,005,046.92	-	12,005,046.92	1.59% – 3.40%

(Unit : Baht)

Separate financial statements as at 31 December 2019

Items	Note	Floating interest rate	Fixed interest rate	Zero interest rate	Total	Interest rate
<u>Financial assets</u>						
Cash and cash equivalents	7	64,631,155.94	556,415.71	58,330,747.11	123,518,318.76	0.00% - 0.50 %
Other current financial assets	8	-	4,107,875.49	-	4,107,875.49	0.89%
Trade and other current receivables	9	-	-	169,226,914.34	169,226,914.34	-
Bank deposits with obligations	13	-	41,980,274.77	-	41,980,274.77	0.50% – 0.80%
<u>Financial Liabilities</u>						
Short-term borrowings from financial institution	20	5,957,981.55	14,118,499.67	-	20,076,481.22	1.25%–1.50%, MLR
Trade and other current payables	21	-	-	185,176,244.89	185,176,244.89	-
Financial lease liabilities	22	-	12,005,046.92	-	12,005,046.92	1.59% – 3.40%

Interest rate sensitivity analysis

The Group's profit before tax does not significantly impacted by change in interest rates.

34. FINANCIAL INSTRUMENT DISCLOSURES (Cont'd)

34.6 Liquidity risk

The Company monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Company's operations and to mitigate the effects of fluctuations in cash flows.

Detail of due payment of financial assets of the Group which is not derivative as at December 31, 2020 calculated from non-discounted cash flows to present value are presented as follows.

(Unit : Baht)

Consolidated financial statements as at 31 December 2020						
	Note	On demand	Less than 1 year	1 to 5 years	Over 5 years	Total
Non-derivatives						
Short-term borrowings from financial institution	20	-	26,251,865.74	-	-	26,251,865.74
Trade and other current payables	21	-	160,619,434.40	-	-	160,619,434.40
Financial lease liabilities	22	-	6,556,426.52	9,652,953.89	-	16,209,380.41
Loans from financial institutions	23	-	5,608,800.00	26,661,128.05	-	32,269,928.05
Total non-derivatives		-	199,036,526.66	36,314,081.94	-	235,350,608.60

(Unit : Baht)

Separate financial statements as at 31 December 2020						
	Note	On demand	Less than 1 year	1 to 5 years	Over 5 years	Total
Non-derivatives						
Short-term borrowings from financial institution	20	-	26,251,865.74	-	-	26,251,865.74
Trade and other current payables	21	-	152,856,472.63	-	-	152,856,472.63
Financial lease liabilities	22	-	6,556,426.52	9,652,953.89	-	16,209,380.41
Loans from financial institutions	23	-	5,608,800.00	26,661,128.05	-	32,269,928.05
Total non-derivatives		-	191,273,564.89	36,314,081.94	-	227,587,646.83

35. RECLASSIFICATION

The financial statements for the year ended December 31, 2019 have been reclassified to correspond with the presentation of the financial statements for the year ended December 31, 2020 as follows:

	Consolidated financial statements (Baht)		
	Reclassification of the former items	Increase (Decrease)	Reclassification
STATEMENTS OF FINANCIAL POSITION			
Assets			
Current assets			
Current investments	4,107,875.49	(4,107,875.49)	-
Other current financial assets	-	4,107,875.49	4,107,875.49
Unbilled construction in progress	11,832,708.54	(11,832,708.54)	-
Current contract assets	-	11,832,708.54	11,832,708.54
Non-current assets			
Other non-current assets	51,629,337.66	(28,156,136.68)	23,473,200.98
Non - Current contract assets	-	28,156,136.68	28,156,136.68
Liabilities			
Current liabilities			
Trade and other current payables	308,611,083.46	(104,978,980.74)	203,632,102.72
Billed in advance Under Construction contract	21,727,962.21	(21,727,962.21)	-
Current contract liabilities	-	126,706,942.95	126,706,942.95
Statement of comprehensive income			
Revenues from contract or revenues			
from services	1,506,944,573.62	2,796,976.88	1,509,741,550.50
Other income	8,816,047.05	(3,920,785.33)	4,895,261.72
Finance revenues	-	1,123,808.45	1,123,808.45

35. RECLASSIFICATION (Cont'd)

	Separate financial statements (Baht)		
	Reclassification of the former items	Increase (Decrease)	Reclassification
STATEMENTS OF FINANCIAL POSITION			
Assets			
Current assets			
Current investments	4,107,875.49	(4,107,875.49)	-
Other current financial assets	-	4,107,875.49	4,107,875.49
Unbilled construction in progress	10,273,965.77	(10,273,965.77)	-
Current contract assets	-	10,273,965.77	10,273,965.77
Non-current assets			
Other non-current assets	51,629,337.66	(28,156,136.68)	23,473,200.98
Non - Current contract assets	-	28,156,136.68	28,156,136.68
Liabilities			
Current liabilities			
Trade and other current payables	265,096,080.00	(79,919,835.11)	185,176,244.89
Billed in advance Under Construction contract	21,727,962.21	(21,727,962.21)	-
Current contract liabilities	-	101,647,797.32	101,647,797.32
Statement of comprehensive income			
Revenues from contract or revenues from services	1,480,858,016.66	2,796,976.88	1,483,654,993.54
Other income	10,800,214.42	(3,920,785.33)	6,879,429.09
Finance revenues	-	1,123,808.45	1,123,808.45

36. SUBSEQUENT EVENTS

- 36.1 According to the resolution of the executive of director's meeting No. 1/2021 held on January 5, 2021, passed the resolution to approve for changing collaterals and the credit limit with commercial banks by increasing the credit limit for the amount of Baht 50 million and canceling the personal guarantees of the directors
- 36.2 According to the resolution of the executive of director's meeting No. 2/2021 held on January 14, 2021, passed the resolution to approve for purchasing machinery for construction in the amount of Baht 38.89 million

37. FINANCIAL STATEMENTS APPROVAL

These financial statements were approved and authorized for issue by the Company's Board of directors on February 25, 2021.

Summary of Financial Statements

STATEMENTS OF FINANCIAL POSITION

Unit : Million Baht

STATEMENTS OF FINANCIAL POSITION	Separate financial statements		Consolidated financial statements			
	Audit		Audit			
	2018		2019		2020	
	Number	%	Number	%	Number	%
Assets						
Current assets						
Cash and cash equivalents	297.03	36.08	170.31	24.99	445.93	43.61
Other current financial assets	4.07	0.49	4.11	0.60	4.14	0.41
Trade and other current receivables	196.09	23.82	189.99	27.88	159.93	15.64
Short-term loan	0.27	0.03	0.01	0.00	-	NA
Current contract assets	100.17	12.17	11.83	1.74	107.35	10.50
Inventories	14.37	1.75	6.34	0.93	9.02	0.88
Total current assets	612.00	74.35	382.58	56.14	726.38	71.03
Non-current assets						
Non - Current contract assets			28.16	4.13	23.46	2.29
Bank deposits with obligations	31.51	3.83	41.98	6.16	32.73	3.20
Long-term loan	0.50	0.06	-	-	-	-
Property, plant and equipment	131.95	16.03	196.77	28.88	188.85	18.47
Right-of-use assets	-	-	-	-	27.34	2.67
Other intangible assets	2.61	0.32	3.53	0.52	5.88	0.57
Deferred tax assets	1.37	0.17	4.93	0.72	4.43	0.43
Other non-current assets	43.23	5.25	23.47	3.44	13.60	1.33
Total non-current assets	211.17	25.65	298.84	43.86	296.27	28.97
Total assets	823.17	100.00	681.42	100.00	1,022.65	100.00
Liabilities and shareholders' equity						
Current liabilities						
Short-term borrowings from financial institution	34.93	4.24	20.08	2.95	26.25	2.57
Trade and other current payables	305.52	37.12	203.63	29.88	160.62	15.71
Current contract liabilities	203.59	24.73	126.71	18.59	110.21	10.78



Unit : Million Baht

STATEMENTS OF FINANCIAL POSITION	Separate financial statements		Consolidated financial statements			
	Audit		Audit			
	2018		2019		2020	
	Number	%	Number	%	Number	%
Current portion of long-term borrowings	-	-	-	-	5.61	0.55
Current portion of financial lease liabilities	4.73	0.57	4.36	0.64	6.56	0.64
Current income tax payable	-	NA	0.66	0.10	4.31	0.42
Total current liabilities	548.78	66.67	355.44	52.16	313.56	30.66
Non-current liabilities						
Long-term borrowings	-	-	-	-	26.66	2.61
Lease liabilities	8.17	0.99	7.64	1.12	9.65	0.94
Non-current provisions for employee benefit	1.73	0.21	3.29	0.48	3.22	0.31
Other non-current provisions	6.40	0.78	22.51	3.30	13.45	1.31
Total non-current liabilities	16.30	1.98	33.45	4.91	52.98	5.18
Total liabilities	565.07	68.65	388.89	57.07	366.54	35.84
Shareholders' equity						
Share capital	200.00	24.30	220.00	32.29	300.00	29.34
Authorized share capital	200.00	24.30	220.00	32.29	300.00	29.34
Share premium	-	-	-	-	276.96	27.08
Retained earnings						
Appropriated - Legal reserve	8.53	1.04	13.53	1.98	15.53	1.52
Unappropriated	49.57	6.02	58.75	8.62	62.90	6.15
Total owners of the Company	258.10	31.35	292.27	42.89	655.39	64.09
Non-controlling interests	-	-	0.26	0.04	0.72	0.07
Total shareholders' equity	258.10	31.35	292.53	42.93	656.11	64.16
Total liabilities and shareholders' equity	823.17	100.00	681.42	100.00	1,022.65	100.00

Unit : Million Baht

STATEMENTS OF FINANCIAL POSITION	Separate financial statements					
	Audit					
	2018		2019		2020	
	Number	%	Number	%	Number	%
Assets						
Current assets						
Cash and cash equivalents	297.03	36.08	123.52	19.58	351.42	36.68
Other current financial assets	4.07	0.49	4.11	0.65	4.14	0.43
Trade and other current receivables	196.09	23.82	169.23	26.82	158.99	16.60
Short-term loan	0.27	0.03	0.01	0.00	-	-
Current contract assets	100.17	12.17	10.27	1.63	107.35	11.21
Inventories	14.37	1.75	5.69	0.90	9.02	0.94
Total current assets	612.00	74.35	312.83	49.58	630.94	65.86
Non-current assets						
Non - Current contract assets	-	-	28.16	4.46	23.46	2.45
Bank deposits with obligations	31.51	3.83	41.98	6.65	32.73	3.42
Investments in subsidiaries	-	NA	19.80	3.14	31.05	3.24
Long-term loan	0.50	0.06	-	-	-	-
Property, plant and equipment	131.95	16.03	196.25	31.10	188.85	19.71
Right-of-use assets	-	-	-	-	27.34	2.85
Other intangible assets	2.61	0.32	3.53	0.56	5.88	0.61
Deferred tax assets	1.37	0.17	4.93	0.78	4.23	0.44
Other non-current assets	43.23	5.25	23.47	3.72	13.60	1.42
Total non-current assets	211.17	25.65	318.12	50.42	327.12	34.14
Total assets	823.17	100.00	630.95	100.00	958.06	100.00
Liabilities and shareholders' equity						
Current liabilities						
Short-term borrowings from financial institution	34.93	4.24	20.08	3.18	26.25	2.74
Trade and other current payables	305.52	37.12	185.18	29.35	152.86	15.95
Current contract liabilities	203.59	24.73	101.65	16.11	110.21	11.50
Current portion of long-term borrowings	-	-	-	-	5.61	0.59
Current portion of financial lease liabilities	4.73	0.57	4.36	0.69	6.56	0.68
Current income tax payable	548.78	66.67	311.27	49.33	301.49	31.47
Total current liabilities						
Non-current liabilities	-	-	-	-	26.66	2.78
Long-term borrowings	8.17	0.99	7.64	1.21	9.65	1.01
Lease liabilities	1.73	0.21	3.29	0.52	3.22	0.34
Non-current provisions for employee benefit	6.40	0.78	22.51	3.57	13.45	1.40
Other non-current provisions	16.30	1.98	33.45	5.30	52.98	5.53



Unit : Million Baht

STATEMENTS OF FINANCIAL POSITION	Separate financial statements					
	Audit					
	2018		2019		2020	
	Number	%	Number	%	Number	%
Total non-current liabilities	565.07	68.65	344.71	54.63	354.47	37.00
Total liabilities						
Shareholders' equity	200.00	24.30	220.00	34.87	300.00	31.31
Share capital	200.00	24.30	220.00	34.87	300.00	31.31
Authorized share capital	-	-	-	-	276.96	28.91
Share premium						
Retained earnings	8.53	1.04	13.53	2.14	15.53	1.62
Appropriated - Legal reserve	49.57	6.02	52.71	8.35	11.11	1.16
Unappropriated	258.10	31.35	286.24	45.37	603.59	63.00
Non-controlling interests	258.10	31.35	286.24	45.37	603.59	63.00
Total shareholders' equity	823.17	100.00	630.95	100.00	958.06	100.00

STATEMENTS OF COMPREHENSIVE INCOME

Unit : Million Baht

STATEMENTS OF COMPREHENSIVE INCOME	Separate financial statements		Consolidated financial statements			
	Audit		Audit			
	2018		2019		2020	
	Number	%	Number	%	Number	%
Hire of construction work	1,290.11	100.00	1,509.74	100.00	857.74	100.00
Costs of construction work	(1,177.83)	(91.30)	(1,286.34)	(85.20)	(716.63)	(83.55)
Gross profit	112.28	8.70	223.40	14.80	141.11	16.45
Other income	15.49	1.20	4.90	0.32	6.99	0.81
Profit before expenses	127.77	9.90	228.29	15.12	148.10	17.27
Administrative expenses	(79.06)	(6.13)	(82.95)	(5.49)	(87.08)	(10.15)
Total expenses	(79.06)	(6.13)	(82.95)	(5.49)	(87.08)	(10.15)
Profit before finance costs and income tax expense	48.71	3.78	145.35	9.63	61.02	7.11
Finance revenues		NA	1.12	0.07	0.65	0.08
Finance costs	(1.51)	(0.12)	(2.42)	(0.16)	(3.45)	(0.40)
Profit before income tax expense	47.20	3.66	144.05	9.54	58.22	6.79
Tax expense	(9.52)	(0.74)	(29.40)	(1.95)	(12.62)	(1.47)
Profit for the year	37.68	2.92	114.66	7.59	45.59	5.32
Other comprehensive income (expense) :						
Components of other comprehensive income that will not be reclassified to profit or loss						
Gains (losses) on remeasurements of defined benefit plans-net of tax	-	NA	(0.42)	(0.03)	1.03	0.12
Total comprehensive income for the year	37.68	2.92	114.24	7.57	46.62	5.44
Earnings per share						
Basic Earnings per share	33.14		57.16		0.10	
Weighted average number of ordinary shares (Share)	1.14		2.00		467.98	
Profit attributable to:						
Owners of the Company			114.60	99.95	45.13	98.99
Non-controlling interests			0.06	0.05	0.46	1.01
			114.66	100.00	45.59	100.00
Total comprehensive income (expense) attributable to :						
Owners of the Company			114.18	99.95	46.16	40.40
Non-controlling interests			0.06	0.05	0.46	0.40
			114.24	100.00	46.62	40.81
Number of ordinary shares	400.00		440.00		600.00	

Unit : Million Baht

STATEMENTS OF COMPREHENSIVE INCOME	Separate financial statements		Consolidated financial statements			
	Audit		Audit			
	2018		2019		2020	
	Number	%	Number	%	Number	%
Basic Earnings per share	0.09		0.26		0.08	
Weighted average number of ordinary shares (Share) ^{2/}	227.40		400.99		467.98	
Earnings per share (Baht per share) ^{1/}	0.17		0.29		0.10	
Number of shares - Fully Diluted	600.00		600.00		600.00	
Earnings per share - Fully Diluted (Baht per share) ^{3/}	0.06		0.19		0.08	

Unit : Million Baht

STATEMENTS OF COMPREHENSIVE INCOME	Separate financial statements					
	Audit					
	2018		2019		2020	
	Number	%	Number	%	Number	%
Hire of construction work	1,290.11	100.00	1,509.74	100.00	639.60	100.00
Costs of construction work	(1,177.83)	(91.30)	(1,286.34)	(85.20)	(562.57)	(87.96)
Gross profit	112.28	8.70	223.40	14.80	77.04	12.04
Other income	15.49	1.20	4.90	0.32	12.40	1.94
Profit before expenses	127.77	9.90	228.29	15.12	89.44	13.98
Administrative expenses	(79.06)	(6.13)	(82.95)	(5.49)	(86.22)	(13.48)
Total expenses	(79.06)	(6.13)	(82.95)	(5.49)	(86.22)	(13.48)
Profit before finance costs and income tax expense	48.71	3.78	145.35	9.63	3.22	0.50
Finance revenues		NA	1.12	0.07	0.57	0.09
Finance costs	(1.51)	(0.12)	(2.42)	(0.16)	(3.36)	(0.53)
Profit before income tax expense	47.20	3.66	144.05	9.54	0.43	0.07
Tax expense	(9.52)	(0.74)	(29.40)	(1.95)	(1.06)	(0.17)
Profit for the year	37.68	2.92	114.66	7.59	(0.63)	(0.10)
Other comprehensive income (expense) :						
Components of other comprehensive income that will not be reclassified to profit or loss						
Gains (losses) on remeasurements of defined benefit plans-net of tax	-	NA	(0.42)	(0.03)	1.03	0.16
Total comprehensive income for the year	37.68	2.92	114.24	7.57	0.40	0.06
Earnings per share						
Number of ordinary shares	400.00		400.00		600.00	

Unit : Million Baht

STATEMENTS OF COMPREHENSIVE INCOME	Separate financial statements					
	Audit					
	2018		2019		2020	
	Number	%	Number	%	Number	%
Basic Earnings per share	0.09		0.27		(0.00)	
Weighted average number of ordinary shares (Share) ^{2/}	227.40		400.99		467.98	
Earnings per share (Baht per share) ^{1/}	0.17		0.27		(0.00)	
Number of shares - Fully Diluted	600.00		600.00		600.00	
Earnings per share - Fully Diluted (Baht per share) ^{3/}	0.06		0.18		(0.00)	

Note :

- 1/ Calculated from the par value of 0.50 baht per share by dividing the net profit for the period by the weighted average share number of ordinary shares issued during the year.
- 2/ Calculated from the par value of 0.50 baht per share.
- 3/ Calculated from the par value of 0.50 baht per share by dividing the net profit for the period by the weighted average number of shares issued and paid after the public offering (600 million shares).

STATEMENTS OF CASH FLOWS

Unit : Million Baht

STATEMENTS OF CASH FLOWS	Separate financial statements	Consolidated financial statements		Separate financial statements		
	Audit			Audit		
	2018	2019	2020	2018	2019	2020
Cash flows from operating activities						
Profit before income tax	47.20	144.05	58.22	47.20	136.43	0.43
Adjustment net profit to cash receipt (disbursement) from operating activities						
Income tax expenses						
Allowance for doubtful accounts	4.59	(0.10)	-	4.59	(0.10)	-
Depreciation	17.18	16.30	20.85	17.18	16.29	20.67
Amortized right-of-use assets			0.89			0.89
Amortized other intangible assets	0.55	0.63	0.68	0.55	0.63	0.68
Loss on terminated of assets	(0.43)	(0.00)	0.36	(0.43)	(0.00)	0.01
Expected credit loss	-	0.86	0.70	-	0.86	0.70
Amortized income tax deducted at source			0.81			0.81
Non-current provisions for employee benefit	11.64	-	5.32	11.64	-	5.32
Long-term provisions	1.73	1.04	1.21	1.73	1.04	1.21
Loss on terminated of assets	6.40	16.11	(9.06)	6.40	16.11	(9.06)
Share of profits from investments in joint ventures	(10.18)	-	-	(10.18)	-	-
Interest income	(1.21)	(1.12)	(0.65)	(1.21)	(1.12)	(0.57)
Interest paid	1.04	2.42	3.45	1.04	2.42	3.36
Cash flows before changes in working capital	78.50	180.19	82.77	78.50	172.56	24.43
(Increase) Decrease in changes of operating assets						
Trade and other current receivables	(57.67)	6.17	43.63	(57.67)	26.93	23.81
Contract assets	46.58	82.06	(90.82)	46.58	83.62	(92.38)
Inventories	(13.13)	8.03	(2.68)	(13.13)	8.68	(3.33)
Other non-current assets	(10.19)	0.74	0.08	(10.19)	0.74	0.08
Trade and other current payables	143.49	(5.17)	(47.05)	143.49	(23.63)	(36.36)
Contract liabilities	112.17	(173.60)	(16.49)	112.17	(198.66)	8.57
Cash generated (paid) from operation	299.76	98.43	(30.57)	299.76	70.24	(75.19)
Interest paid	(2.54)	(1.66)	(2.73)	(2.54)	(1.66)	(2.64)
Interest received	1.19	1.16	0.65	1.19	1.16	0.57
Income tax paid	(32.57)	(35.06)	(18.62)	(32.57)	(34.20)	(10.51)
Net cash provided by (used in) operating activities	265.84	62.86	(51.27)	265.84	35.54	(87.76)
Cash flows from investing activities						
Payments for long-term loans	-	0.50	-	-	0.50	-
Payments for acquire of fixed assets	(42.48)	(73.96)	(32.39)	(42.48)	(73.43)	(32.02)

Unit : Million Baht

STATEMENTS OF CASH FLOWS	Separate financial statements	Consolidated financial statements		Separate financial statements		
	Audit			Audit		
	2018	2019	2020	2018	2019	2020
Other current financial assets	(0.04)	(0.04)	(0.04)	(0.04)	(0.04)	(0.04)
Payments for investments in joint ventures	-	-		-	(19.80)	(11.25)
Payments for acquire of intangible assets	(0.14)	(1.55)	(3.03)	(0.14)	(1.55)	(3.03)
Payments for short-term loans	-	-	(0.02)	-	-	(0.02)
Proceeds from short-term loans	-	0.26	0.02	-	0.26	0.02
Cash received from accepting refund of investments in joint ventures	0.99	-		0.99	-	-
Cash received from profit sharing in joint ventures	10.18	-		10.18	-	-
Proceeds from disposal of fixed assets	5.27	2.54	0.36	5.27	2.54	0.01
Bank deposits with obligations	(8.78)	(10.48)	9.25	(8.78)	(10.48)	9.25
Net cash provided by (used in) investing activities	(35.00)	(82.73)	(25.84)	(35.00)	(102.00)	(37.06)
Cash flows from financing activities						
Dividend paid	(170.50)	(100.00)	(36.00)	(170.50)	(100.00)	(36.00)
Payments for short-term borrowings	(34.01)	(133.31)	(225.13)	(34.01)	(133.31)	(225.13)
Payments for financial lease payables	(6.49)	(12.20)	(6.68)	(6.49)	(12.20)	(6.68)
Proceeds from long-term borrowings	-	-	33.95	-	-	33.95
Payments for long-term borrowings	(7.89)	-	(1.68)	(7.89)	-	(1.68)
Proceeds from short-term borrowings	57.13	118.46	231.31	57.13	118.46	231.31
Capital Increase	90.00	20.20		90.00	20.00	-
Receive payment for shares			356.96			356.96
Net cash provided by (used in) financing activities	(71.77)	(106.86)	352.73	(71.77)	(107.06)	352.73
Net increase (decrease) in cash and cash equivalents	159.07	(126.73)	275.62	159.07	(173.52)	227.90
Cash and cash equivalents at the beginning of the year	137.97	297.03	170.31	137.97	297.03	123.52
Cash and cash equivalents at the end of the year	297.03	170.31	445.93	297.03	123.52	351.42

Financial Ratio

Financial Ratio	Unit	Separate financial statements	Consolidated financial statements			Separate financial statements		
		Audit			Audit			
		2018	2019	2020	2018	2019	2020	
Liquidity Ratios								
Current Ratio	X	1.12	1.08	2.32	1.12	1.01	2.09	
Quick Ratio	X	0.84	0.96	1.86	0.84	0.87	1.62	
Operating cash flow Ratio	X	0.65	0.14	(0.15)	0.65	0.08	(0.27)	
Receivable turnover Ratio	X	9.14	9.33	5.73	9.14	9.84	4.27	
Collection Period	Days	40 Days	39 Days	63 Days	40 Days	37 Days	85 Days	
Inventory turnover Ratio	X	150.81	124.20	93.29	150.81	126.60	73.24	
Days sales in inventory Ratio	Days	3 Days	3 Days	4 Days	3 Days	3 Days	5 Days	
Payable turnover Ratio	X	15.45	19.75	15.48	15.45	20.75	12.25	
Payable Payment Period Ratio	Days	24 Days	19 Days	24 Days	24 Days	18 Days	30 Days	
Cash conversion Cycle	Days	19 Days	23 Days	43 Days	19 Days	22 Days	60 Days	
Profitability Ratios								
Gross Profit Margin	%	8.70	14.80	16.45	8.70	14.38	12.04	
Operation margin Ratio	%	3.66	9.54	6.79	3.66	9.20	0.07	
Other Profit Margin	%	1.19	0.32	0.81	1.19	0.46	1.90	
Operating Cash Flow Turnover	%	563.17	43.64	(88.07)	563.17	26.05	(20,619.49)	
Net Profit Margin	%	2.89	7.57	5.27	2.89	7.28	(0.10)	
Return on equity Ratio	%	13.48	41.65	9.61	13.48	39.89	(0.14)	
Efficiency Ratios								
Return on assets Ratio	%	5.35	15.24	5.35	5.35	14.93	(0.08)	
Return on fixed assets Ratio	%	47.01	79.68	34.46	47.01	76.08	10.39	
Assets Turnover	X	1.85	2.01	1.01	1.85	2.05	0.80	
Financial Policy Ratio								
Debt to equity Ratio	X	2.19	1.33	0.56	2.19	1.20	0.59	
Interest coverage Ratio	X	183.77	39.19	(10.21)	183.77	27.25	(24.77)	
Debt Service Coverage Ratio	X	1.02	0.20	(0.17)	1.02	0.10	(0.28)	
Dividend Payout Ratio	%	452.48	87.22	78.96	452.48	92.12	(5,708.92)	
DSCR Ratio	X	10.65	24.10	8.32	10.65	22.97	2.53	

Management Discussion and Analysis: MD&A

Business overview

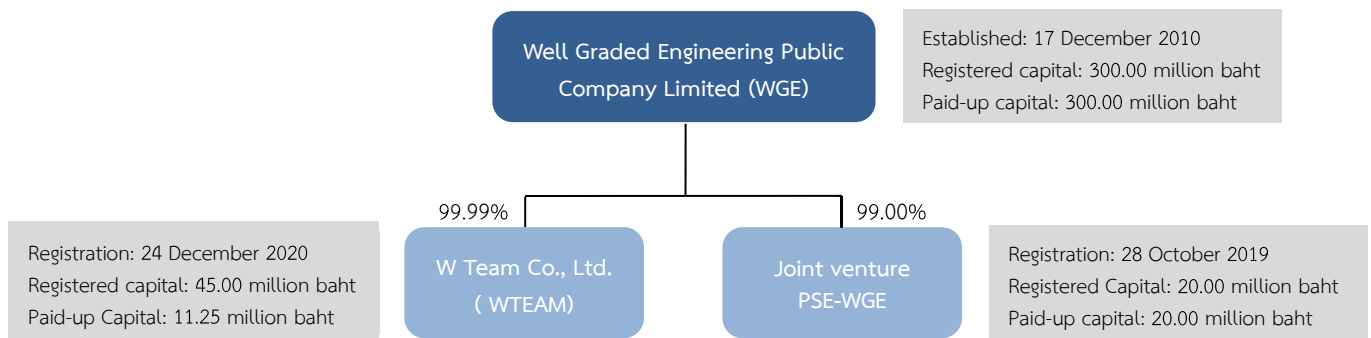
Well Graded Engineering Public Company Limited (“the Company”) providing construction services for various types of buildings and structures. The scope of service of the Company covers from civil engineering, architectural engineering, system engineering, structural steelwork, precast, interior design, renovation, public utility infrastructure and after sales service “Well Care”. For M&E – Mechanical and Electrical work including Electrical & Communication System, Air Conditioning & Ventilation System, Plumbing & Fire Protection System, under supervision of experienced and expertise engineer team, the Company will subcontract M&E work to a professional contractor. The key target type of construction of the Company is office building, condominium, hospital, university building and industrial plant from both private sector and public sector client.

The Company can provide services that cover all needs in construction service for various types of building so the Company has a policy to enter into a contract with the project owner as a main contractor. However, the Company will sub-contract some specific work that requires a more qualified expertise to reduce risk of errors that can be caused by potential amateurish fault. The Company’s profession characteristics can be divided into 3 types as follow;

1. Main contractors - The company will offer jobs directly on behalf of the company. It could be a bid or negotiation with the project owner directly. However, in the case of a large construction project or a specialized construction project, the company may employ a professional subcontractor to assist in the implementation. The subcontractor selection process is based on creditworthiness and past performance. The company has a policy to not rely on any specific subcontractor.
2. Subcontractors - The company will accept work from other contractors who receive work directly from the project owner. The company will consider only the main contractors who are reputable and have stable financial status. However, the company will select a subcontractor only if the job is large scale or has minimum qualifications. For example, only high-value government projects. However, since the company was established until 31 December 2020, the company has not yet accepted any work as a subcontractor. But in the future, if there are projects that meet the aforementioned conditions, the company will consider operating as a sub-contractor.
3. Joint Venture - In some cases, the Company may enter into the business of two or more individuals or businesses through joint ventures. Whether it is capital, property, labor, technology, or others under an agreement or joint venture agreement. This kind of business operation occurs when the company accepts large projects that require labor and technology to operate. If the project is completed, the joint venture will also be considered terminated. In October 2019, the Company entered into a joint venture agreement for PSE-WGE (“Subsidiary”) with Pichitsuwan

Engineer Limited Partnership for specific purpose of factory construction for Pacific Fish Processing Co., Ltd. The Company, by way of subscribing 99.00 percent of, the joint investment initial registered capital, 20 million baht.

As of December 31, 2020, the Company's structure is shown as follows:



Type of construction can be classified as follows.

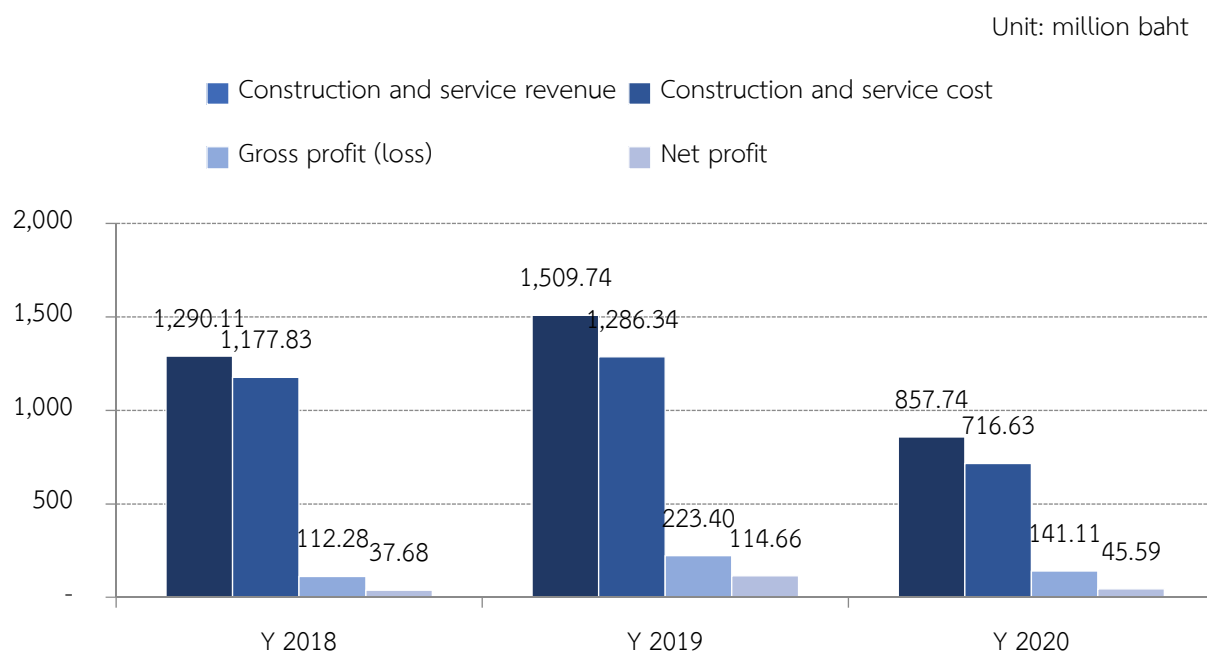
1. The construction of a hospital: It is the construction of a large building, but it differs from the construction of a general building, that is, an engineering system that requires experience and construction techniques due to the limitations of sanitary standards. For example, the construction of hospitals with clean rooms, research rooms, laboratories that need to control the number of impurity particles and other environmental factors, etc.
2. The construction of a shopping mall or community mall: It is the construction of large buildings. the building structure will be open-plan, but the construction area is separated by department or by the designated sales area with the installation of the building engineering system.
3. Real Estate Works: The company provides construction services for both low-rise and high-rise real estate, including a sales office for the project. Most of the Company's client base is a real estate developer in condominium type. The construction will be divided into residential areas, common areas and utilities within the project, as well as building engineering systems.
4. Office building works: It is the construction of large buildings and separates the area and proportion according to the type of use with the building engineering system
5. Industrial Works: It is the construction of a large horizontal building. With a usable area of not more than 3 floors. It features an open space and divides the usable space according to the needs of the client with engineering system for building construction.

The company has extensive experience and expertise in the construction of building structures. Especially hospitals, office buildings and condominiums, high-rise and low-rise. In addition, the company is also looking for opportunities to bid on other types of events such as hotels, utilities that are in the company's plans to support future growth. Moreover, the company also provides other types of services to enable the company to provide a comprehensive and comprehensive service to its clients such as renovation, interior work, steelwork and pre-cast.

Company operation overview

Interpretation of operating results and financial position of the Company and its subsidiaries (“The Group”) is based on the Group’s financial statements for the year ended December 31, 2018 to the year ended December 31, 2020 are facts as follows.

Diagram summarizes the operating results for the year 2018 – 2020.



The Group had revenue from the construction and services between 2018 – 2020 in total of 1,290.11 million baht, 1,509.74 million baht and 857.74 million baht, respectively. Accounted for increasing rate of 17.02 percent from the previous year in 2019 and a 43.19 percent decrease in 2020, respectively.

In 2019, the Group had revenue from the construction and services of 1,509.74 million baht, increasing from the year 2018 by 219.63 million baht or equivalent to an increase of 17.02 percent from the previous year. The increasing was a sequel from the expansion from accumulated backlog from the previous year, with the Group having 21 projects under construction in 2019, which is 13 projects more than in 2018. Low-rise condominium project have continued to be the main clients of the Group since 2018, with significant projects under construction such as Atmoz Ladprao 15, Atmoz Ladprao 71, D Condo Hat Yai, Runesu Thonglor 5, etc. These private sector clients accounted for approximately 77.39% of total revenue from construction and services. Whereas public sector clients accounts for approximately 22.61% of total revenue from construction and services. Example of a public sector project such as the Southern Thailand Science Park Office Building, Prince of Songkhla University, the Fine Arts Department Office Building, the Somdet Phra Pinklao Hospital, Metropolitan Electricity Authority Branch Office Building, Min Buri District, etc.

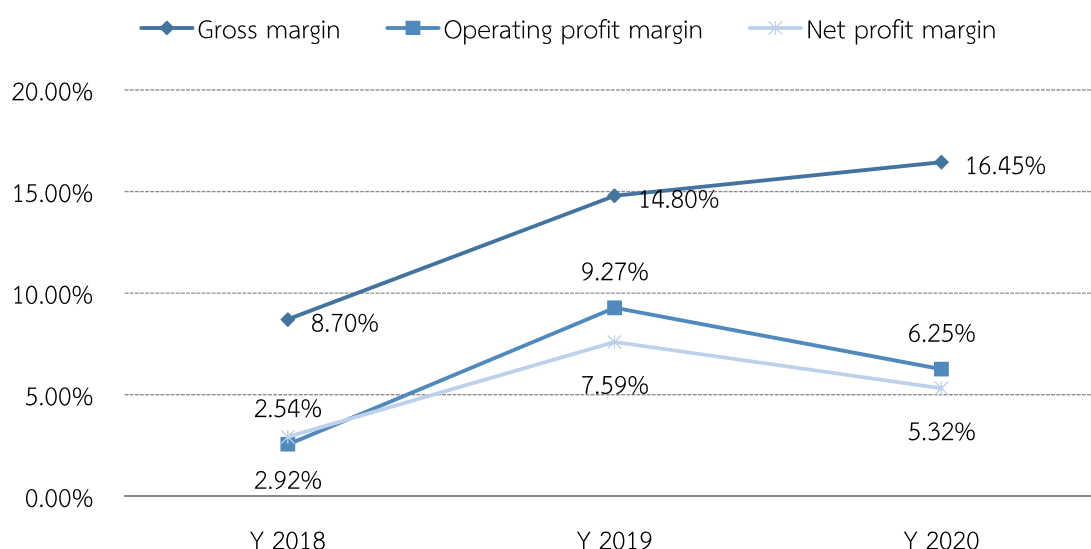
In 2020, the Group had revenue from the construction and services of 857.74 million baht, decreasing of 652.00 million baht from the year 2019, or 43.19 percent. The main reasons came from 1) some project, that the Group won a bid, has been slowed down hence construction progress and revenue recognition impracticable. 2) The economic slowdown due to the COVID-19 pandemic has made the Group's clients, especially in real estate sector, delay the launch of new projects. Most of the main construction projects that continued from last year, such as the PFP factory, The Excel Ratchada 18, Atmos Ladprao 15, Supalai Loft Prajadhipok - Wongwian Yai, etc. Private sector client account for 65.73% of the revenue from construction and services. While revenue from public sector account for approximately 34.27% of revenue from construction and services, such as Somdech Phra Pinklao Hospital, Energy Regulatory Commission Office Building, The Fine Arts Department Office Building, etc.

Construction and services costs of the Group are as follows: construction material, subcontractor wages, labor and workers, machinery and equipment rental, transportation, spare parts and repair of construction machinery and equipment, depreciation and overheads. In the year 2018 – 2020, the Group had construction and service costs of 1,177.83 million baht, 1,286.34 million baht and 716.63 million baht, respectively, equivalent to 91.30 percent, 85.20 percent and 83.55 percent of revenue from construction and services of the same period. The Group's gross profit in 2018 – 2020 amounted to 112.28 million baht, 223.40 million baht and 141.11 million baht, or equivalent to 8.70 percent, 14.80 percent and 16.45 percent, respectively.

Gross profit margin of the Group in 2019 increased from 2018 due to the higher proportion of revenue recognition from private sector clients. In 2019, the Group had a private sector clients to public sector clients approximately proportional of 77:23, which is higher than in 2018 with the proportion of approximately 58:42. Construction for private sector clients are less competitive and more flexible in negotiations. As a result, the Group can make higher average gross margin from private sector clients than public sector clients. In addition, the main construction works in 2019 are real estate projects that the Group has more expertise and experience, as a result, the Group is able to manage and control construction costs as planned. The Group's gross profit margin in 2020 increased from 2019 due to the Group's experience in construction planning and allocation of construction workers which allow the Group to take less time and works more efficiently, especially with existing client in real estate development business. Meanwhile, employee salaries and project-related expenses, which are fixed costs, increased in line with the increasing number of employees between 2018 - 2020, which accounted for approximately 3.28 to 4.53 percent of revenue from construction and services.

In the year 2018 – 2020, administrative expenses have increased compared to the same period of the previous year amounting to 31.31 million baht, 3.89 million baht and 4.13 million baht or representing an increase of 4.92 percent and 4.98 percent, respectively, mainly due to, related to the preparation for listing on the Stock Exchange of Thailand, increase in employee salary expense to support business growth, bonus, audit fee, internal audit expense, remuneration and other compensation for directors.

Diagram of the Group's Key Profitability Ratio, 2018 – 2020



The Group had a net profit in the year 2018 – 2020 equal to 37.68 million baht, 114.66 million baht and 45.59 million baht or equivalent to 2.92 percent, 7.59 percent and 5.32 percent, respectively. Net profit in 2019 was higher compared to 2018, due to the greater proportion of private sector client projects, resulting in higher average gross profit margin compared to the previous year. In 2020 net profit and net profit margin declining from 2019, primarily due to the economic strike from the pandemic situation, COVID-19, causing the delay of current construction and, especially, a delay in launching new project in real estate sector, thus construction and revenue recognition to be impractical.

As of December 31, 2018 - 2020, the Group has total assets of 823.17 million baht, 681.42 million baht and 1,022.65 million baht, respectively. The decrease in total assets in 2019 compared to the year 2018 by 141.75 million baht was due to the decrease in internal cash flow of the Group, because the Group has paid dividend from its operations and decreasing in unbilled construction in progress as the Group gradually reckons from most projects at the end of the year.

In the year 2020, the Group's assets increase, from the year 2019, of 341.23 million baht, mainly from proceeds from the capital increase, by offer shares to the public for the first time, causing cash increase of 275.62 million baht and value of unearned revenue of 95.52 million baht, respectively, primarily.

As of December 31, 2018 - 2020, the Group had total liabilities of 565.07 million baht, 388.89 million baht and 366.54 million baht, or 68.65 percent, 57.07 percent and 35.84 percent of total liabilities and shareholders' equity, respectively. The decrease in total liabilities in 2019 compared to 2018 in the amount of 176.18 million baht was mainly due to the repayment of loans from financial institutions and the reduction of prepayment of construction contracts. While the decrease in total liabilities in 2020 compared to the year 2019 of 22.35 million baht was mainly due to a decrease in trade and other current payables related to normal business operations of the Group that are not yet due.

As of December 31, 2018 - 2020, the shareholders' equity of the Group was 258.10 million baht, 292.53 million baht and 656.11 million baht, representing 31.35 percent, 42.93 percent and 64.16 percent

of total liabilities and shareholders' equity, respectively. An increase in equity is a direct result of the increase in net profit of each year and the increase in the registered capital of the Company. While the decrease in equity was a direct result of dividend payment to shareholders.

The shareholders' equity of the Group in 2019 was 292.53 million baht, an increase of 34.44 million baht compared to 2018 was mainly due to;

1. The Extraordinary General Meeting of Shareholders No. 2/2019 as of December 9, 2019 resolved to increase the registered capital from 200.00 million baht to 220.00 million baht by issuing 200,000 new ordinary shares at the par value of 100 baht. The Company received capital increase from shareholders in the amount of 20.00 million baht.
2. The Board of Directors' Meeting No. 8/2019 as of November 14, 2019 passed a resolution to pay an interim dividend at the rate of 50.00 baht per share from 2.00 million ordinary shares, totaling 100.00 million baht.
3. The Group had an operating profit of 114.66 million baht.

The shareholders' equity of the Group as of 31 December 2020 was 656.11 million baht, an increase of 363.58 million baht compared to as of 31 December 2019 was mainly due to;

1. The 2020 Annual General Meeting of Shareholders on March 26, 2020 resolved to pay a dividend at the rate of 18.1818 baht per share from 2.20 million ordinary shares, totaling 40.00 million baht.
2. The Group had an operating profit of 45.59 million baht.
3. The Company offered the capital increase shares to the general public for the first time, thus increasing the registered capital of 80.00 million baht and increasing the share premium of 276.96 million baht.

Performance analysis

(1) Revenue

The revenue of the Group consists of revenue from construction, which is the main income of the Group. Other income of the Group consists of retention of subcontractors who are unable to perform the work under the contract, interest income, labor wage charged to the subcontractor who is unable to deliver work ontime.

In this regard, the proportion of income for different types of the Group can be classified as follows.

Construction and service revenue

Construction and service revenue of the Group comprises the contractual amount, subtract the amount of a change or addition or reduction of the scope of the primary contract. If it is highly probable that the Group will be able to collect payments from clients and the estimated value of the contractual service performance can be reliably measured, revenue and cost of services provided under the contract will be recognized in the statement of comprehensive income in proportion to the success of the work

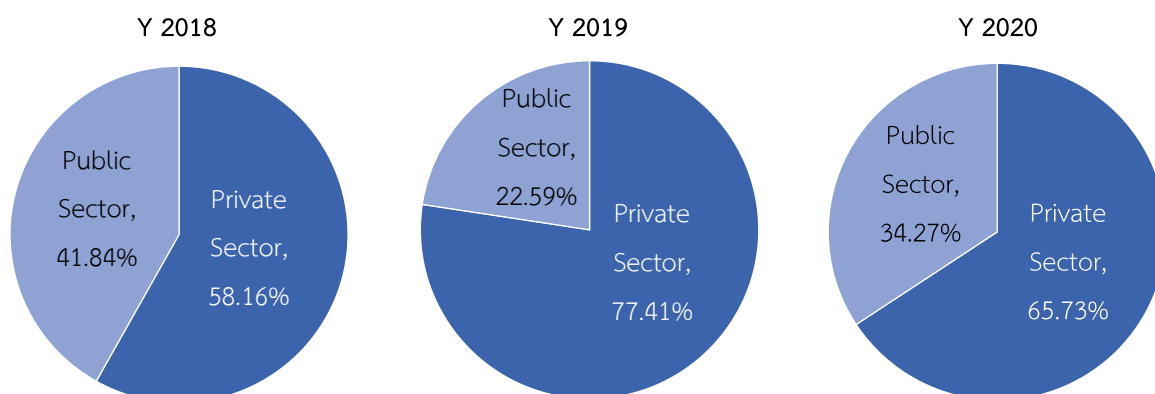
done in that period. The stage of completion method based on the estimated ratio of cost of service incurred to approximation of total cost of construction.

The Group had revenue from the construction and services between 2018 – 2020 in total of 1,290.11 million baht, 1,509.74 million baht and 857.74 million baht, respectively. Accounted for increasing rate of 17.02 percent from the previous year in 2019 and a 43.19 percent decrease in 2020, respectively.

In 2019, the Group had revenue from the construction and services of 1,509.74 million baht, increasing from the year 2018 by 219.63 million baht or equivalent to an increase of 17.02 percent from the previous year. The increasing was a sequel from the expansion from accumulated backlog from the previous year, with the Group having 21 projects under construction in 2019, which is 13 projects more than in 2018. Low-rise condominium project have continued to be the main clients of the Group since 2018, with significant projects under construction such as Atmoz Ladprao 15, Atmoz Ladprao 71, D Condo Hat Yai, Runesu Thonglor 5, etc. These private sector clients accounted for approximately 77.39% of total revenue from construction and services. Whereas public sector clients accounts for approximately 22.61% of total revenue from construction and services. Example of a public sector project such as the Southern Thailand Science Park Office Building, Prince of Songkhla University, the Fine Arts Department Office Building, the Somdet Phra Pinklao Hospital, Metropolitan Electricity Authority Branch Office Building, Min Buri District, etc.

In 2020, the Group had revenue from the construction and services of 857.74 million baht, decreasing of 652.00 million baht from the year 2019, or 43.19 percent. The main reasons came from 1) some project, that the Group won a bid, has been slowed down hence construction progress and revenue recognition impracticable. 2) The economic slowdown due to the COVID-19 pandemic has made the Group's clients, especially in real estate sector, delay the launch of new projects. Most of the main construction projects that continued from last year, such as the PFP factory, The Excel Ratchada 18, Atmos Ladprao 15, Supalai Loft Prajadhipok - Wongwian Yai, etc. Private sector client account for 65.73% of the revenue from construction and services. While revenue from public sector account for approximately 34.27% of revenue from construction and services, such as Somdech Phra Pinklao Hospital, Energy Regulatory Commission Office Building, The Fine Arts Department Office Building, etc.

Revenue of the Company proportion by client sector



Other income

Most of the other income of the Group consists of wages from subcontractors, revenue from the sale of scrap materials and dividends received from joint ventures. Other income in the year 2018 – 2020 amounted to 15.49 million baht, 4.90 million baht and 6.99 million baht, respectively, accounting for 1.20 percent, 0.32 percent and 0.81 percent of construction and service revenue, respectively.

In the year 2019, the Group had other income equivalent to 4.90, a decrease of 10.59 million baht from the year 2018 or comparable to a decrease of 68.40 percent. The main change is that the Group has no dividend income of the joint venture compared to the year 2018, while in 2020 the Group has other income of 6.99 million baht, an increase of 2.09 million baht, representing 42.75 percent from the same period last year.

Revenue structure of the Group classified by client type, 2018 – 2020

Revenue by Client Classification	Y 2018		Y 2019		Y 2020	
	Baht (Million)	%	Baht (Million)	%	Baht (Million)	%
Private sector client	750.31	57.47	1,168.62	77.16	563.77	65.20
Public sector client	539.80	41.34	341.12	22.52	293.97	34.00
Total of revenue from construction	1,290.11	98.81	1,509.74	99.68	857.74	99.19
Other income ¹	15.49	1.19	4.90	0.32	6.99	0.81
Total revenue	1,305.60	100.00	1,514.64	100.00	864.73	100.00

Remark: 1/ Other income includes income from breach of contract, income from supplying labor to subcontractors, sale of scrap, interest and dividend from joint venture

(2) Construction and service costs, gross profit and gross margin

Construction and services costs of the Group are as follows: construction material, subcontractor wages, labor and workers, machinery and equipment rental, transportation, spare parts and repair of construction machinery and equipment, depreciation and overheads. In the year 2018 – 2020, the Group had construction and service costs of 1,177.83 million baht, 1,286.34 million baht and 716.63 million baht, respectively, equivalent to 91.30 percent, 85.20 percent and 83.55 percent of revenue from construction and services of the same period. The Group's gross profit in 2018 – 2020 amounted to 112.28 million baht, 223.40 million baht and 141.11 million baht, or equivalent to 8.70 percent, 14.80 percent and 16.45 percent, respectively.

Gross profit margin of the Group in 2019 increased from 2018 due to the higher proportion of revenue recognition from private sector clients. In 2019, the Group had a private sector clients to public sector clients approximately proportional of 77:23, which is higher than in 2018 with the proportion of approximately 58:42. Construction for private sector clients are less competitive and more flexible in negotiations. As a result, the Group can make higher average gross margin from private sector clients than public sector clients. In addition, the main construction works in 2019 are real estate projects that the Group has more expertise and experience, as a result, the Group is able to manage and control construction costs as planned. The Group's gross profit margin in 2020 increased from 2019 due to the

Group's experience in construction planning and allocation of construction workers which allow the Group to take less time and works more efficiently, especially with existing client in real estate development business. Meanwhile, employee salaries and project-related expenses, which are fixed costs, increased in line with the increasing number of employees between 2018 - 2020, which accounted for approximately 3.28 to 4.53 percent of revenue from construction and services.

Details of construction and service costs, 2018 - 2020

Construction and service costs	Y 2018			Y 2019			Y 2020		
	Million Baht	% of cost	% of revenue	Million Baht	% of cost	% of revenue	Million Baht	% of cost	% of revenue
Cost of materials and goods	578.50	49.12	44.84	577.05	44.86	38.22	289.71	40.43	33.78
Labor cost of subcontractor	493.28	41.88	38.24	581.74	45.22	38.53	342.63	47.81	39.95
Employees' Salaries and expenses	48.17	4.09	3.73	49.52	3.85	3.28	38.83	5.42	4.53
Electricity, water, telephone and utilities	10.70	0.91	0.83	13.76	1.07	0.91	7.00	0.98	0.82
Travel expenses	0.97	0.08	0.08	0.92	0.07	0.06	0.96	0.13	0.11
Depreciation	12.60	1.07	0.98	12.23	0.95	0.81	13.80	1.93	1.61
Other service costs	33.59	2.85	2.60	51.10	3.97	3.38	23.70	3.31	2.76
Total	1,177.83	100.00	91.30	1,286.34	100.00	85.20	716.63	100.00	83.55

Remark

1/ Other service costs consist of miscellaneous expenses, consumables, shipping, fees, repairs, etc.

(3) Administrative expenses

The main administrative expenses of the Group are as follows: 1) employee-related expenses include salaries and wages, administrative staff, bonuses 2) other employee-related expenses including professional fee, remuneration and other compensation for directors and 3) other expenses including training and seminars depreciation, water bills, electricity bills, telephone charges, insurance premiums, certification fees, etc.

Administrative expenses in 2018 - 2020 amounted to 79.06 million baht, 82.95 million baht, and 87.08 million baht, respectively. The proportion of administrative expenses to revenue from construction of the Group was 5.49 percent and 10.15 percent, respectively.

In the year 2018 – 2020, administrative expenses have increased compared to the same period of the previous year amounting to 31.31 million baht, 3.89 million baht and 4.14 million baht or representing an increase of 4.92 percent and 4.99 percent, respectively, mainly due to, related to the preparation for listing on the Stock Exchange of Thailand, increase in employee salary expense to support business growth, bonus, audit fee, internal audit expense, remuneration and other compensation for directors.

Administrative expenses, 2018 – 2020

Administrative expenses	Y 2018		Y 2019		Y 2020	
	Million Baht	%	Million Baht	%	Million Baht	%
Employee-related expenses						
Salary and wages	21.86	27.65	27.63	33.31	25.85	29.69
Bonus	5.10	6.45	8.31	10.02	3.02	3.47
Other employee-related expenses ^{1/}	17.18	21.73	13.75	16.58	9.26	10.63
Total employee-related expenses	44.13	55.82	49.68	59.90	38.13	43.79
Audit fee	0.77	0.98	1.48	1.78	1.91	2.19
Remuneration and other compensation of directors.	3.94	4.99	6.71	8.09	8.39	9.63
Other expenses ^{2/}	30.21	38.21	25.07	30.22	38.65	44.39
Total administrative expenses	79.06	100.00	82.95	100.00	87.08	100.00
Percentage of sales and administrative expenses to revenue from construction and services	6.13		5.49		10.15	

Remark

- 1/ Other employee expenses comprise cost of services, employee benefits, cost of interest, employee benefits, social security contribution, contribution to workmen's compensation fund, expenses for importing foreign labor for use in construction work, etc.
- 2/ Other expenses consist of training and seminars, depreciation, utilities, telephone, insurance premiums, Internal audit expenses, etc.

(4) Doubtful Debt and Allowance for Doubtful Accounts

Doubtful debt is an expense arising from the estimation of receivables that the Group expects to be unable to collect from the receivable. Therefore, the allowance for doubtful accounts is set aside for the outstanding receivables to show the repayment ability of trade receivables, other receivables and performance guarantee receivables for each accounting period. Management uses judgment in estimating the expected loss to be incurred on each debtor. Taking into account the past collection experience, the age of the debt outstanding and current economic conditions.

As of December 31, 2019, the Group has an allowance for doubtful accounts amounting to 4.49 million baht or equivalent to 0.30 percent of revenue from construction. Doubtful debt arising from the provision of other receivables. The other debtor is the debtor for which the Group has paid wages to one subcontractor in advance, but the said contractor is unable to perform the construction work in accordance with the standards set by the Group.

As of December 31, 2020, the Group has an allowance for doubtful accounts amounting to 4.49 million baht or 0.52 percent of revenue from construction and services. The said doubtful account is the same account receivable that continues from 2019.

(5) Financial cost

Financial costs are interest expenses arising from the Group procuring loans for use in business operations. In 2018 – 2020, the Group had financial costs of 1.51 million baht, 2.42 million baht and 3.45 million baht or equal to 0.12 percent, 0.16 percent and 0.40 percent of revenue from construction and services each year, respectively. All financial expenses are interest expenses arising from the use of credit facilities from financial institutions. Most of them are commercial credit lines such as L / C fees, interest, overdrafts, interest payable on hire purchase and interest on long-term loan burden from financial institutions.

(6) Net profit

The Group had a net profit in the year 2018 – 2020 equal to 37.68 million baht, 114.66 million baht and 45.59 million baht or equivalent to 2.92 percent, 7.59 percent and 5.32 percent, respectively. Net profit in 2019 was higher compared to 2018, due to the greater proportion of private sector client projects, resulting in higher average gross profit margin compared to the previous year. In 2020 net profit and net profit margin declining from 2019, primarily due to the economic strike from the pandemic situation, COVID-19, causing the delay of current construction and, especially, a delay in launching new project in real estate sector, thus construction and revenue recognition to be impractical.

Analysis of financial position

Asset

As of December 31, 2018 - 2020, the Group has total assets of 823.17 million baht, 681.42 million baht and 1,022.65 million baht, respectively. The decrease in total assets in 2019 compared to the year 2018 by 141.75 million baht was due to the decrease in internal cash flow of the Group, because the Group has paid dividend from its operations and decreasing in unbilled construction in progress as the Group gradually reckons from most projects at the end of the year. In the year 2020, the Group's assets increase, from the year 2019, of 341.23 million baht, mainly from proceeds from the capital increase, by offer shares to the public for the first time, causing cash increase of 275.62 million baht and value of unearned revenue of 95.52 million baht, respectively, primarily.

(1) Cash and cash equivalents

As of December 31, 2018 – 2020, the Group's cash and cash equivalents amounted to 297.03 million baht, 170.31 million baht and 445.93 million baht, representing in proportion to total assets of 36.08 percent, 24.99 percent and 43.61 percent, respectively. The decrease in cash and cash equivalents in 2019 compared to 2018 was mainly due to the dividend payment from the Group's operating results of 100.00 million baht and short-term loan repayments of 133.31 million baht. While the increase in cash and cash equivalents in 2020 was due to the Group's cash inflow from financing activities and operations. In particular, cash flow received from short-term and long-term borrowings amounting to 231.31 million baht and cash from investment activities from capital increase for the initial public offering of 356.96 million baht.

(2) Temporary investment

As of December 31, 2018 – 2020, the Group's temporary investments totaled 4.07 million baht, 4.11 million baht and 4.14 million baht, representing the total assets of 0.49 percent, 0.60 percent and 0.40 percent, respectively. The Group's temporary investment is a 12-month fixed deposits.

(3) Trade and other current receivables

Trade and other current receivables of the Group consist of: accounts receivable under construction contract, advance paymen, prepaid wages, suspense input tax, prepaid insurance premiums, advance-dated checks, etc. As of December 31, 2018 – 2020, the Group has trade and other current receivables amounting to 196.09 million baht, 189.99 million baht and 159.93 million baht, accounting for 23.82 percent, 27.88 percent and 15.64 percent of total assets, respectively.

The Group's net trade accounts receivable as of 31 December 2018 – 2020 amounted to 157.33 million baht, 166.46 million baht, and 132.87 million baht, representing 19.11 percent, 24.32 percent and 12.99 percent of total assets, respectively. The Group will recognize the trade accounts receivable according to the invoices issued for collection based on the completed work. In general, the Group has a policy to give term credit to clients for 30-45 days. Considering the aging of trade accounts receivable table of the Group, most of the debtors of the Group are receivables that are not yet due or less than 30 days older than the scheduled payment date.

The Group's net trade receivables as of 31 December 2019 increased from the net trade receivables as of December 31, 2018 in the amount of 9.13 million baht or equivalent to 5.80 percent. It was proportional to the number of projects under construction and delivery which was higher in line with construction revenue. Outstanding accounts receivable of the Group at the end of the year 2019 were mainly projects of client in real estate sector. The outstanding receivable amount of 0.003 million baht, which has been outstanding between 3 – 6 months in 2019, is the collection of retention from additional work of a construction project.

The Group's net trade receivables as of December 31, 2020 decreased from the net trade receivables as of December 31, 2019 in the amount of 33.59 million baht or equivalent to 20.18 percent. This was caused by delivering and receiving payments from clients, especially in the real estate sector, which gradually billed according to the billing cycle.

Management uses judgment in estimating the expected loss to be incurred on each debtor, taking into account the past collection experience, age of the debt outstanding and current economic conditions. There is no allowance for doubtful accounts as of 31 December 2018 – 2020, as aforementioned that it is still possible to collect payments from clients.

In 2018 – 2020, the Group's trade receivable turnover was 9.14 times, 9.33 times and 5.73 times, which is the average collection period of 40 days, 39 days and 63 days, respectively.

(4) Unbilled construction in progress

Unbilled construction in progress is value of the work that the Group has completed the construction and has delivered to owner to inspect the work but has not yet been called for payment.

Unbilled construction in progress is calculated based on the contractual work value completed by the Group and recognized revenue in proportion to the completed work minus the amount of such work that has been billed to the clients. As of December 31, 2018 - 2020, there are 100.17 million baht, 11.83 million baht and 107.35 million baht, respectively, 12.17 percent, 1.74 percent and 10.50 percent of total assets, respectively.

Unbilled construction in progress as of December 31, 2019, a decrease of 88.34 million baht or an 88.19 percent decrease compared to the value of unbilled construction in progress as of 31 December 2018. The main reason is that the Group has gradually delivered construction works according to the construction plan at the end of 2019, such as the Fine Arts Department office building. Atmoz Condo Ladprao 71, Southern Science Park Administration Building, etc. This enables the Group to collect payments from clients upon delivery. While some projects are behind the plan, for example Project of Pharmaceutical Containers and Drug Storage, Mass Production Building, The Excel Hideaway Ratchada-Huay Kwang, etc. As a result, the percentage of completion is less than what the Group estimates

Unbilled construction in progress as of 31 December 2020 increased by 95.52 million baht or an 807.32 percent increase compared to the unbilled construction in progress as of 31 December 2019 due to the success rate of the construction of the PFP plant which is a large project with relatively short duration of the construction. Therefore, the success rate of the work is in line with the plan, and also for Somdej Phra Pinklao Hospital and the Excel Ratchada 18 project.

(5) Inventories

Inventories are construction materials that have not been utilized, such as precast concrete, dry concrete, deformed steel, paint etc. The Group has construction inventories as of December 31, 2018 – 2020, amounting to 14.37 million baht, 6.34 million baht, and 9.02 million baht or 1.75 percent, 0.93 percent and 0.88 percent of total assets, respectively. The Group has a policy to manage the use of construction materials in each project to be sufficient for the usage approximately 1-2 weeks, thus not many inventories.

Inventories as of December 31, 2019 were 6.34 million baht, most of which were construction materials and work in progress under installation of the Somdej Phra Pinklao Hospital, The Excel Ratchada 18 and factory building of PFP.

Inventory on 31 December 2020 amounted to 9.02 million baht, with most of the inventories being construction materials and work in progress under installation of the Somdej Phra Pinklao Hospital, The Excel Ratchada 18 and Supalai Loft Prajadhipok - Wongwian Yai

(6) Long-term loans

As of December 31, 2018, the Group has long-term loan amount of 0.05 million baht, which is a loan transaction to a related company. Subsequently, in the year 2019, the Group received full payment of such loan, resulting in as of 31 December 2019, the Group did not have any additional long-term loans. Currently, the Group does not have a policy to grant loans to individuals who may have a conflict of interest or to persons related to such persons. Except in accordance with the company's regulations

concerning employee welfare or in accordance with the regulations for management authority or financial assistance to juristic persons according to the shareholding proportion. If there is a related transaction, an opinion is required from the Audit Committee in accordance with the regulations and regulations of the Stock Exchange of Thailand regarding the connected transaction, the Group will arrange for the Audit Committee to comment on the necessity and appropriateness.

(7) Property, plant and equipment

Major property, plant and equipment of the Group are land, office building, construction machinery and equipment and vehicles. As of December 31, 2018 – 2020, property, plant and equipment of the Group were 131.95 million baht, 196.77 million baht and 188.85 million baht, representing in proportion to the total assets of 16.03 percent, 28.88 percent and 18.47 percent, respectively.

Property, plant and equipment of the Group as of 31 December 2019 increased by 64.82 million baht or 49.12 percent increase compared to property, plant and equipment as of 31 December 2018. This was mainly due to the expansion of Bang Duea warehouse and acquisition of land for a new warehouse construction.

Property, plant and equipment of the Group as of 31 December 2020 decreased by 7.92 million baht or equivalent to a reduction of 4.02 percent compared to property, plant and equipment as of 31 December 2019, mainly due to depreciation of assets.

(8) Rights of use

In 2020, the Group has adopted TFRS 16 for the first time. The Group recognizes assets, rights of use at the effective date of the lease. The right-of-use assets are measured at cost less accumulated depreciation, accumulated impairment losses, and adjusted by remeasurement of lease liabilities. The cost of the right-of-use asset comprises the amount of the lease liability based on the initial measurement, the initial direct cost incurred, the lease payment amount as of the commencement date of the lease or before the effective date of the lease and deducted by the lease incentive received. The Group recognized the cumulative effect of the initial implementation of this TFRS and adjusted retained earnings as at 1 January 2020, but does not restate the prior year's financial statements presented for comparison.

As of December 31, 2020, the right of use assets of the Group amounted to 27.34 million baht, representing 2.67 percent of the total assets.

(9) Intangible assets

The intangible assets of the Group are primarily computer software licenses, Enterprise Resource Planning or ERP system. Net value of intangible assets as of December 31, 2018 – 2020 equal to 2.61 million baht, 3.53 million baht and 5.88 million baht, representing 0.32 percent, 0.52 percent and 0.57 percent of total assets, respectively. Intangible assets in 2019 and 2020 increased from the previous year by 0.92 million baht and 2.35 million baht, or 35.37 percent and 66.41 percent, respectively.

(10) Bank deposits with collateral obligations

Guaranteed bank deposit / Other non-current financial assets / Other non-current financial assets is a fixed deposit account with a financial institution. Which the Group uses as collateral for the credit line for the issuance of letters of guarantee. As of December 31, 2018 – 2020, the Group had bank deposits under collateral amounting to 31.51 million baht, 41.98 million baht and 32.73 million baht, representing 3.83 percent, 6.16 percent and 3.20 percent of total assets, respectively. The increase / decrease of deposits in accordance with the construction of new projects in the year 2019 and 2020.

(11) Deferred tax

Deferred tax is a tax that is assessed or is due for the current period but has not yet been paid, it will eventually come due. As of December 31, 2018 – 2020, the Group had deferred tax liabilities equal to 1.37 million baht, 4.93 million baht and 4.43 million baht or 0.17 percent, 0.72 percent and 0.43 percent of total assets, respectively. Most of the Group's deferred tax assets consist of temporary differences from allowance for doubtful accounts, long-term provisions, non-current provisions for employee benefits, etc.

(12) Other non-current assets

Other non-current assets of the Group primarily consist of construction contract contributions, withholding corporate income tax, deposits and security for utility use. As of December 31, 2018 – 2020, the Group had other non-current assets equal to 43.23 million baht, 23.47 million baht and 13.60 million baht, or 5.25 percent, 3.44 percent and 1.33 percent of total assets, respectively.

Liabilities

As of December 31, 2018 - 2020, the Group had total liabilities of 565.07 million baht, 388.90 million baht and 366.54 million baht, or 68.65 percent, 57.07 percent and 35.84 percent of total liabilities and shareholders' equity, respectively. The decrease in total liabilities in 2019 compared to 2018 in the amount of 176.18 million baht was mainly due to the repayment of loans from financial institutions and the reduction of prepayment of construction contracts. While the decrease in total liabilities in 2020 compared to the year 2019 of 22.35 million baht was mainly due to a decrease in trade and other current payables related to normal business operations of the Group that are not yet due.

Details of substantial liabilities of the Group are as follows.

(1) Trade payables and other payables

Trade and other payables of the Group are as follows: trade payable, material cost, subcontractor payable, retention payable and the advance received according to the construction contract, etc. As of December 31, 2018 – 2020, the Group has trade and other payables amounting to 305.52 million baht, 203.63 million baht and 160.62 million baht, representing 37.12 percent, 29.88 percent and 15.71 percent of total liabilities and shareholders' equity, respectively.

Trade payables and other payables as of 31 December 2019 decreased compared to trade payables and other payables as at 31 December 2018 in the amount of 101.89 million baht or a 33.35 percent decrease in accordance with the decreased accumulated construction value of the Group.

Trade payables and other payables as of 31 December 2020 decreased compared to trade payables and other payables as of December 31, 2019 in the amount of 43.01 million baht or 21.12 percent. It is an accrued expenses from the transactions related to the normal business operations of the Group that are not yet due, which has decreased in accordance with a decreasing of the accumulated construction work of the Group.

(2) Unearned revenue

Unearned revenue represent the construction value that the Group can collect from the clients under terms of contract, which is greater than the amount recognized by the Group in proportion to the work completed. As of December 31, 2018 – 2020, the Group has unearned revenue in the amount of 203.59 million baht, 126.71 million baht and 110.21 million baht, or equivalent to 24.73 percent, 18.59 percent and 10.78 percent of liabilities and equity, respectively. Unearned revenue will be deducted from the revenue recognized by the Group in proportion to the work completed in the next period for that project.

Unearned revenue as of 31 December 2019 decreased by 76.88 million baht or 37.76 percent compared to as of 31 December 2018. This was mainly due to the majority of the project of the Group took place in early-mid-2019. As a result, the Group has gradually billed a certain amount in advance according to the construction contract at the beginning of the year and is able to deliver the work according to the construction plan on time. Therefore, the difference between the construction value that the Group billed to client under the contract and the revenue recognized by the Group in proportion to the work completed is reduced.

As of 31 December 2020, a decrease of unearned revenue is 16.49 million baht or a 13.02 percent decrease compared to as of 31 December 2019. Mainly due to the majority of the contract of the Group took place in early-mid-year 2020, the Group had gradually billed a certain amount of advance on construction contracts from clients from the beginning to the middle of the year and be able to gradually deliver the work according to the scheduled. Therefore, the difference between the construction value that the Group billed to client under the contract and the revenue recognized by the Group in proportion to the work completed is reduced.

(3) Liabilities under finance lease agreements

The liability under the finance lease agreement of the Group is the financial lease agreement of the Group and the leasing company for hire purchase of vehicles for use in the business operation, which normally the lease agreement lasts about 5 years. As of December 31, 2018 – 2020, the Group had liabilities under finance lease agreements of 12.90 million baht, 12.00 million baht and 16.21 million baht, representing 1.57 percent, 1.76 percent and 1.59 percent of total liabilities and shareholders' equity, respectively.

As of 31 December 2019, liabilities under finance lease agreements decreased from 31 December 2018 at 0.90 million baht or 6.98 percent.

As of December 31, 2020, liabilities under finance lease increased from 31 December 2019 by 4.20 million baht or 35.02 percent.

Liabilities under finance lease

Liabilities under finance lease	31 Dec 2018		31 Dec 2019		31 Dec 2020	
	Million Baht	%	Million Baht	%	Million Baht	%
Finance lease liabilities						
- Liabilities due within 1 year	4.73	36.67	4.36	36.33	6.56	40.47
- Liabilities not yet due within 1 year	8.17	63.33	7.64	63.67	9.65	59.53
Total liabilities under finance lease	12.90	100.00	12.00	100.00	16.21	100.00

(4) Long term loan

Long-term loans are loans from financial institutions primarily for the construction of the Group. As of the end of 2018 – 2020, the Group had loans from financial institutions totaling 0.00 million baht, 0.00 million baht and 32.27 million baht, representing 0.00 percent, 0.00 percent and 3.16 percent of liabilities and shareholders' equity, respectively. As of December 31, 2020, the Group has increased long-term borrowings because the Group borrowed money from a financial institution under the project from the Government Savings Bank, mainly to enhance liquidity of the Group. The loan has a lower interest rate than the general market rate under the government's support policy.

Loan from Financial Institutions

Loan from Financial Institutions	31 Dec 2018		31 Dec 2019		31 Dec 2020	
	Million Baht	%	Million Baht	Million Baht	%	Million Baht
Loan from Financial Institutions						
- Loan due within 1 year	-	-	-	-	5.61	17.38
- Loans not yet due within in 1 year	-	-	-	-	26.66	82.62
Total loans from financial institutions	-	-	-	-	32.27	100.00

(5) Non-current provisions for employee benefits

Non-current provisions for employee benefits are the Group's obligation to pay compensation to employees when an employee leaves work, according to an actuary. As of December 31, 2018 – 2020, the Group has employee benefit obligations of 1.73 million baht, 3.29 million baht and 3.22 million baht, representing 0.21 percent, 0.48 percent and 0.31 percent of total liabilities and total shareholders' equity, respectively.

As of December 31, 2019, the employee benefit obligation has increased from 31 December 2018 by 1.57 million baht or 90.76 percent.

As of December 31, 2020, the employee benefit obligation has decreased from 31 December 2019 by 0.08 million baht or 2.31 percent.

The increase of employee benefit obligations as of December 31, 2019 due to the increased number of staff to support the expansion and costs related to employees, according to the actuary. While the reduction in employee benefit obligations as of 31 December 2020 was mainly due to the reduction in the number of employees.

(6) Long-term provisions / other non-current provisions

Long-term Provisions / Other Non-Current Provisions are estimates of costs that may occur during a guarantee period. As of December 31, 2018 – 2020, the Group has long-term liabilities of 6.40 million baht, 22.51 million baht and 13.45 million baht, representing 0.78 percent, 3.30 percent and 1.31 percent of total liabilities and total shareholders' equity, respectively.

As of December 31, 2019, long-term liabilities / other non-current provisions increased from December 31, 2018 by 16.11 million baht or equivalent to 251.91 percent, in line with the expansion of the construction of the Group.

As of December 31, 2020, long-term liabilities / other non-current provisions decreased from 31 December 2019 by 9.06 million baht or 40.27 percent. As a result of the expiration of the guarantee period for the project performance of the Group.

(7) Deferred tax liabilities

The deferred tax liability is established for the temporary differences that the entity will incur future tax. An entity has to include taxable gains or tax losses in future periods when the entity benefits from the asset or pays the debt at book value. As of December 31, 2018 – 2020, the Group had deferred tax liabilities equal to 0.00 million baht, 0.00 million baht and 0.00 million baht, representing 0.00 percent, 0.00 percent and 0.00 percent of total liabilities and shareholders' equity, respectively.

Equity

As of December 31, 2018 - 2020, the shareholders' equity of the Group was 258.10 million baht, 292.53 million baht and 656.11 million baht, representing 31.35 percent, 42.93 percent and 64.16 percent of total liabilities and shareholders' equity, respectively. An increase in equity is a direct result of the increase in net profit of each year and the increase in the registered capital of the Company. While the decrease in equity was a direct result of dividend payment to shareholders.

The shareholders' equity of the Group in 2019 was 292.53 million baht, an increase of 34.44 million baht compared to 2018 was mainly due to;

1. The Extraordinary General Meeting of Shareholders No. 2/2019 as of December 9, 2019 resolved to increase the registered capital from 200.00 million baht to 220.00 million baht by issuing 200,000 new ordinary shares at the par value of 100 baht. The Company received capital increase from shareholders in the amount of 20.00 million baht.
2. The Board of Directors' Meeting No. 8/2019 as of November 14, 2019 passed a resolution to pay an interim dividend at the rate of 50.00 baht per share from 2.00 million ordinary shares, totaling 100.00 million baht.
3. The Group had an operating profit of 114.66 million baht.

The shareholders' equity of the Group as of 31 December 2020 was 656.11 million baht, an increase of 363.58 million baht compared to as of 31 December 2019 was mainly due to;

1. The 2020 Annual General Meeting of Shareholders on March 26, 2020 resolved to pay a dividend at the rate of 18.1818 baht per share from 2.20 million ordinary shares, totaling 40.00 million baht.
2. The Group had an operating profit of 45.59 million baht.
3. The Company offered the capital increase shares to the general public for the first time, thus increasing the registered capital of 80.00 million baht and increasing the share premium of 276.96 million baht.

Dividend payment

The Extraordinary General Meeting of Shareholders No. 2/2018 as of December 17, 2018 resolved to pay a dividend at the rate of 155 baht per share from 1.10 million ordinary shares, totaling 170.50 million baht. The Company paid dividends on December 3, 2018.

The Board of Directors' Meeting No. 8/2019 as of November 14, 2019 passed a resolution to pay a dividend at the rate of 50.00 baht per share from 2.00 million ordinary shares, totaling 100.00 million baht. The Company paid dividends on November 27, 2019.

The 2020 Annual General Meeting of Shareholders on March 26, 2020 resolved to pay a dividend at the rate of 18.1818 baht per share from 2.20 million ordinary shares, amounting to 40.00 million baht. The Company paid dividends on April 20, 2020.

Commitments and contingent liabilities

(1) Litigation

- None -

(2) Late fines

- None -

Liquidity analysis

Cash flow	Y 2018	Y 2019	Y 2020
	Million Baht	Million Baht	Million Baht
Net cash provided by (used in) operating activities	265.84	62.86	(51.27)
Net cash provided by (used in) investing activities	(35.00)	(82.73)	(25.84)
Net cash provided by (used in) financing activities	(71.77)	(106.86)	352.73
Net increase (decrease) in cash and cash equivalents	159.07	(126.73)	275.62

(1) Cash flows from operating activities

The Group's cash flow provided by (used in) operating activities in the years 2018 to 2020 in the amount of 265.84 million baht, 62.86 million baht and (51.27) million baht, respectively. Cash flow from operations increased as a direct result of the Group's ability to generate cash flow from operating activities by a total of 37.68 million baht 114.66 million baht and 45.59 million baht, respectively.

For the year 2563, the Group's cash flows provided by (used in) operating activities of (51.27) million baht. The reduction was mainly due to the fact that during the year 2020 the Group signed a new construction service contract. As a result, the work that has signed the new contract is in the pre-construction phase and the construction service has just begun at the end of 2020, so it takes time for billing to collect payment. Consequently, cash flows are required by the Group to fund its working capital activities.

(2) Cash flows from investing activities

The Group's net cash flows provided by (used in) investing activities in the year 2018 to 2020 in the amount of (35.00) million baht, (82.73) million baht and (25.84) million baht, respectively. The main investment items of the Group are as follows: purchase of land and building for new warehouses of the Group and the purchase of machinery and equipment to support future business expansion.

(3) Cash flows from financing activities

The Group has cash flows provided by (used in) financing activities in the year 2018 – 2020 in the amount of (71.77) million baht, (106.86) million baht and 352.73 million baht, respectively.

For the year 2018, the Group had a cash flow provided by (used in) financing activities in the amount of (71.77) million baht. Most of the cash flow from financing due to advances received for paid-up share capital of 90.00 million baht, while the cash flow received (used) in that year was a dividend payment of (170.50) million baht.

For the year 2019, the Group's net cash flow provided by (used in) financing activities of (106.86) million baht. This is mainly due to cash flow provided by (used in) payment of dividends (100.00) million baht and to repay short-term loans to financial institutions, (14.86) million baht.

For the year 2020, the Group's net cash flow provided by (used in) financing activities of 352.73 million baht, mainly from the cash flow from the offering of capital increase shares to the general public amounting to 356.96 million baht.

Key financial ratios

(1) Liquidity ratio

As of December 31, 2018 - 2020, the Group's liquidity ratio was 1.12 times, 1.08 times and 2.32 times, respectively, in line with the quick ratio of 0.84 times, 0.96 and 1.86 times, respectively.

In 2019, the liquidity ratio of the Group is relatively close to that of 2018, while the quick ratio in 2019 increased from 2018. This was due to a sharp decrease in current liabilities, especially the unearned revenue from construction contracts, which decreased 181.86 million baht or 89.33 percent from the previous year. Since the company has gradually delivered a lot of construction work at the end of 2019 while the new projects are still in the beginning of the construction phase, thus reducing the advance on construction contracts.

In 2020, the liquidity ratio and the quick ratio the Group increased compared to the year 2019 at 2.32 times and 1.86 times, respectively. This was caused by an increase in current assets greater than current liabilities, especially cash items and cash equivalents, which increased by 275.62 million baht, or a 161.84 percent increase from the end of 2019, mainly the result of cash flow from financing activities from the initial public offering.

Financial ratios	Y 2018	Y 2019	Y 2020
Liquidity ratio (times)	1.12	1.08	2.32
Quick ratio (times)	0.84	0.96	1.86
Average collection period (days)	40	39	63
Average product sales period (days)	3	3	4
Average repayment period (days)	24	19	24
Cash cycle (days)	19	23	43
Debt servicing coverage ratio (times)*	10.65	24.10	8.32

* Remark: The company has an obligation with a financial institution which must maintain a debt servicing coverage ratio (DSCR) not less than 1.50 times from 2019 onwards throughout the term of the loan agreement.

In the period of debt collection, the core businesses of the Group are contractors for construction, normally, the process of payment and inspection work takes approximately 15 days plus the Company has policy of giving 15 – 30 days credit terms to clients, resulting in a total debt collection policy of 30-45 days.

As of December 31, 2018 - 2020, the Group's Cash Cycle is 19 days, 23 days and 43 days, respectively.

In 2019, the Group's cash cycle of 23 days, an increase over 2018 for 4 days due to the Group's repayment period was reduced from 24 days to 19 days due to a lower average trade payables.

In 2020, the Group's cash cycle of 43 days, up from the year 2019 for 20 days due to the Group's collection period increased from 39 days to 63 days. The Company's clients, particularly in the property sector has been affected by COVID-19 pandemic situation, negotiate and request an extension of time for payment.

As of December 31, 2018 - 2020, the Group's debt servicing coverage ratio is 10.65 times, 24.10 times and 8.32 times, respectively. The high leverage ratio of the Group throughout the year 2018 – 2020 varies with the operating profit of the Group, while the burden of repayment of principal and interest expenses is low due to the large cash flow on hand. On the other hand, the Group's debt servicing coverage ratio for 2020 was significantly lower compared to that of 2019, mainly due to lower operating profit.

(2) Return on equity ratio

In 2019, the Group had an equity return of 41.65 percent, an increase from the year 2018 with a 13.48 percent return on equity. This was a direct result of the Group's net profit that increased 204.28% compared to the previous year, while the shareholders' equity will slightly increase as a result of an increase in registered capital from 200 million baht to 220 million baht.

In 2020, the Group's equity yield was 9.61 percent, down from the end of 2019 with a 41.65 percent return on equity, a direct result of lower operating profit compared to 2019.

(3) Return on assets ratio

In 2019, the Group had a return on assets of 15.24 percent, an increase from the year 2018 with a 5.35 percent return on assets. This was mainly due to the increase in operating profit of 204.28% compared to the previous year. At the same time, assets in 2019 decreased 17.22%, most of which were current assets such as cash and unbilled construction in progress.

In 2020, the Group had a return on assets of 5.35%, a decrease from the year 2019 with a return on assets of 15.24%. This was mainly due to the decrease in net profit of the Group 59.19% compared to the previous year. In addition, the assets of the Group increased by 50.08 percent from the end of 2019. The increase in assets of the Group is as follows: cash balance from operations, trade receivables and other receivables, increased in line with the expansion of business, land purchases to be used as new warehouse of the Group.

(4) Financial Policy Ratio

As of December 31, 2018 – 2020, the Group's debt to equity ratio is 2.19 times, 1.33 times and 0.56 times, respectively. As of December 31, 2019, the decrease in debt to equity ratio was a result of a decrease in current liabilities in the form of short – term loans from financial institutions and advance collections under construction contracts of 14.86 million baht, 76.88 million baht or a decrease of 42.53

percent and 37.76 percent, respectively. While the new projects, at the end of 2019, are still in the starting phase of construction, so that the advance deposit from client is relatively small.

Reference

Auditor	:	DIA International Audit Company Limited 316/32 Sukhumvit 22 Road (Soi Sainumthip) Klongtoey Bangkok 10110 Tel: 02-259-5300-2 Fax: 02-260-1553
Internal Auditor	:	Dharmniti Internal Audit Company Limited 178 Dharmniti Building 5 Floor Soipermasap (Prachachuen 20) Prachachuen Road. Bangsue Bangkok 10800 Tel: 02-596-0550 Fax: 02-596-0539
Register (Share)	:	Thailand Securities Depository Company Limited 93 Stock Exchange of Thailand Building, Ratchadapisek Road,Din-Daeng, Bangkok 10400 Tel: 0-2009-9000 Fax: 0-2009-9991

10th
ANNIVERSARY
2010 - 2020



WELL GRADED

**To be a top leading
construction company in Thailand.**



WELL GRADED ENGINEERING PLC.

50/1203 Moo 9, Bangpood, Pakkred. Nonthaburi 11120

Tel. 02-9817992-4 Fax. 02-981-7995 , 02-981-7970



www.well-graded.com



WellGraded