



14. Management Discussion and Analysis

14.1 Analysis of Operations and Financial Position for 2019

14.1.1 Overview

Operation Overview and Significant Changes

CH. Karnchang Public Company Limited operates its core business of two categories, namely, the construction business and the regional basic infrastructure investment and development business, in order to strengthen its competitive edge and sustainable and steady growth.

As at the end of 2019, the Company and its subsidiaries had the backlog in the amount of Baht 37,380 Million, whereby the Company and its subsidiaries executed many project construction agreements which would help constantly generate the Company Group's revenues, namely:

- The Contract for the Construction and Improvement of the Si Rat - Outer Ring Road Expressway and Repair of the Structures of the Si Rat Expressway with Bangkok Expressway and Metro Public Company Limited, with the estimated contract value of approximately Baht 780 Million, exclusive of value added tax;
- The Contract for the Improvement of Machinery and Equipment for the Tap Water Production and Distribution System for the Banglen Water Treatment Plant (Phase 1) with TTW Public Company Limited, with the estimated contract value of approximately Baht 350 Million, exclusive of value added tax;
- The Contract for the Repair of the Structures of the Si Rat Expressway, Period 4, Phase 3, Sector B (Urupong - Bang Khlo), and the Improvement of the Structures of the Si Rat Expressway and the Si Rat - Outer Ring Road Expressway with Bangkok Expressway and Metro Public Company Limited, with the estimated contract value of approximately Baht 233 Million, exclusive of value added tax;
- The Contract for the Construction of the Medical and Public Health Service Integration Center, Pathumwan Subdistrict, Pathumwan District, Bangkok, at Chulalongkorn Hospital, the Thai Red Cross Society, with the Thai Red Cross Society, with the estimated contract value of approximately Baht 2,160 Million, including value added tax;
- The Contract for Construction of the Rama III - Dao Khanong - Western Outer Ring Road Expressway Project, Contract 4 (Civil Work), with the Expressway Authority of Thailand, with the estimated contract value of approximately Baht 6,636 Million, including value added tax;
- CKST Joint Venture (between CH. Karnchang Public Company Limited and Sino-Thai Engineering and Construction Public Company Limited) executed the Construction Contract of Pipeline and Related Works on Ramkhamhaeng Road from Soi Ramkhamhaeng 12 to Hua Mak, together with the MRT Orange Line (Contract 2) of the Mass Rapid Transit Authority of Thailand with the Provincial Waterworks Authority, with the estimated contract value of Baht 188 Million, including value added tax.



With respect to the basic infrastructure investment and development business, there were significant changes as follows:

- On May 29, 2019, the Executive Board's Meeting of the Company resolved to grant approval for the Company to jointly invest in the High-Speed Rail Linking Three Airports (Don Mueang- Suvarnabhumi-U-Tapao) Project by way of holding five percent of the registered capital of Eastern High-Speed Rail Linking Three Airports Company Limited in the amount of Baht 200 Million, including exercise of the right in purchase of shares for capital increase in proportion to the price at the par value upon Eastern High-Speed Rail Linking Three Airports Company Limited's capital increase from Baht 4,000 Million to Baht 35,000 Million; and on October 24, 2019, Eastern High-Speed Rail Linking Three Airports Company Limited executed the Agreement for Joint Investment for the Hi-Speed Rail Linking Three Airports Project with the State Railway of Thailand.
- In June 2019, the Company exercised its right under all warrants to purchase 586.7 million newly-issued ordinary shares in CK Power Public Company Limited, at the exercise price of Baht 6 per share, with the total value of approximately Baht 3,520 Million, thereby resulting in an increase in the Company's shareholding percentage in such company from 27.22 percent to 31.90 percent.
- In August 2019, the Company acquired 65 million ordinary shares in Bangkok Expressway and Metro Public Company Limited with the value of Baht 709.2 Million, thereby resulting in an increase the Company's shareholding percentage in such company from 30.89 percent to 31.32 percent.

Accounting Standard and Auditor's Observation

In 2019, regarding key audit matter, the auditor was of the opinion that recognition of revenue from construction services was of great significance in audit of the Company and its subsidiaries since it represented a transaction which had a significant amount as compared with the total revenues of the Company and its subsidiaries, and was also subject to management's discretion. The auditor gave the detailed explanations on audit procedures for such transaction, among of them, for instance, were reading the construction contracts to consider the conditions relating to revenue recognition; making enquiries from responsible executives and gaining a understanding of the Company's and its subsidiaries' process for assessment of the percentage of work completion and estimates of construction project costs of the entire projects; checking estimates of construction project costs with the budget plan for each project; checking actual cost of construction services with its supporting documents, etc., (as per the details in the auditor's report for the financial statements for 2019).

In addition, in the auditor's report, attention should be drawn to Note 15 to the consolidated financial statements regarding the dispute over a competing road with Udon Rattaya Expressway involving a subsidiary of Bangkok Expressway and Metro Public Company Limited (an associated company), including the mutual agreement for settlement of all disputes with the government agency. In this regard, the auditor's opinion was not modified in respect of this matter.

As for additional information relating to business overview, its details are indicated in the sections entitled Business Policy and Overview and Nature of Business Operations; and as for additional information relating to economic and industrial conditions, its details are set forth in the section entitled Trend of Growth and Development of Construction Industry.



14.1.2 Operational Results and Profitability

Consolidated Income Statement Unit: Million Baht	Year		Change	
	2019	2018	Amount	Percent
Revenues from construction services and sales of construction materials	23,009.80	29,295.94	(6,286.14)	(21.46)
Other income	1,786.71	1,879.63	(92.92)	(4.94)
Total revenues	24,796.51	31,175.57	(6,379.06)	(20.46)
Cost of construction services and sales of construction materials	21,027.98	26,975.66	(5,947.68)	(22.05)
Administrative expenses	2,429.56	1,984.83	444.73	22.41
Total expenses	23,457.54	28,960.49	(5,502.95)	(19.00)
Profit before share of profit from investments in associated companies, finance cost and income tax expenses	1,338.97	2,215.08	(876.11)	(39.55)
<u>Plus</u> Share of profit from investments in associated companies	1,806.24	1,657.63	148.61	8.97
<u>Less</u> Finance cost	1,225.80	1,247.53	(21.73)	(1.74)
Income tax expenses	126.39	138.78	(12.39)	(8.93)
Net profit	1,793.02	2,486.40	(693.38)	(27.89)
<u>Less</u> Profit attributable to Non-controlling interests of the subsidiaries	15.24	(7.91)	23.15	(292.73)
Profit attributable to Equity holders of the Company	1,777.78	2,494.31	(716.53)	(28.73)

Net profit attributable to equity holders of the Company for 2019 amounted to Baht 1,777.78 Million, a decrease by Baht 716.53 Million, representing 28.73 percent.

The Company and its subsidiaries had net profit attributable to equity holders of the Company for 2019 amounted to Baht 1,777.78 Million, a decrease by Baht 716.53 Million from the previous year, representing 28.73 percent, mainly due to a decrease in sales from construction services and an increase in administrative expenses.

Revenues from construction contracts and sales of construction materials for 2019 amounted to Baht 23,009.80 Million, a decrease by Baht 6,286.14 Million, representing 21.46 percent.

The Company and its subsidiaries had revenues from construction contracts and sales of construction materials in the total amount of Baht 23,009.80 Million, representing 92.79 percent of total revenues, a decrease by Baht 6,286.14 Million from the previous year, representing 21.46 percent, due to the fact that Double Track Railroad Construction Project, Chira Junction - Khon Kaen Section, and the Xayaburi Hydroelectric Power Project have been already delivered and reached the maintenance phase.

Cost of construction services and sales of construction materials for 2019 amounted to Baht 21,027.98 Million, a decrease by Baht 5,947.68 Million, representing 22.05 percent.

The Company and its subsidiaries had cost of construction services and sales of construction materials in the total amount of Baht 21,027.98 Million, a decrease by Baht 5,947.68 Million from the previous year, representing 22.05 percent. The Company and its subsidiaries had the gross profit in the amount of Baht 1,981.82 Million, a decrease by Baht 338.46 Million from the previous year, representing 14.59 percent, due to a decrease in revenues from construction contracts; however, the gross profit margin of 2019 was equal to 8.61 percent, an increase from 7.92 percent from the previous year.



Other income for 2019 amounted to Baht 1,786.71 Million, a decrease by Baht 92.92 Million, representing 4.94 percent.	<p>The Company and its subsidiaries had other income in the amount of Baht 1,786.71 Million, a decrease by Baht 92.92 Million from that of the previous year, representing 4.94 percent, due to a decrease in gain on sales of investments.</p>
Administrative expenses for 2019 amounted to Baht 2,429.56 Million, an increase by Baht 444.73 Million, representing 22.41 percent.	<p>The Company and its subsidiaries had administrative expenses in the amount of Baht 2,429.56 Million, an increase by Baht 444.73 Million from that of the previous year, representing 22.41 percent, mainly due to employee-related expenses, depreciation, amortization for project development cost and specific business tax.</p> <p>The Company and its subsidiaries did not incur clear expenses for research and development of technology and innovations under the guidelines of the National Science and Technology Development Agency (NSTDA) ; however, the Company has supported and promoted development of its personnel to ensure their abilities in study and research for new knowledge, experimental development, using knowledge in science and technology to create new products or processes or improve the existing products or production processes to ensure achievement of the objective under the personnel development policy which would lead to new technology and innovations in their performance. As the Company has always continued to develop human resources, expenses therefor were incorporated into the personnel development policy.</p>
Share of profit from investments in associated companies for 2019 amounted to Baht 1,806.24 Million, an increase by Baht 148.61 Million or representing 8.97 percent.	<p>The Company and its subsidiaries had share of profit from investments in associated companies in the amount of Baht 1,806.24 Million, an increase by Baht 148.61 Million, as compared to that of the previous year, representing 8.97 percent, due to the respective improved operational results of Bangkok Expressway and Metro Public Company Limited and CK Power Public Company Limited, including an increase in the Company's shareholding percentage in both companies during the year.</p> <p>Bangkok Expressway and Metro Public Company Limited opened the MRT Blue Line Extension (Hua Lamphong Station - Lak Song Station) for its commercial operations on September 29, 2019, together with sale of its ordinary shares in TTW Public Company Limited in 2019, and reclassified the investment in TTW Public Company Limited from investment in associated company to investment in available-for-sale securities, thereby resulting in recognition of gain on reclassification of the investment (further detailed in Note 15 to the Financial Statements).</p> <p>CK Power Public Company Limited had its improved operational results as a result of an increase in share of profit from investment in associated company, namely, Xayaburi Power Company Limited, which commenced the commercial operations in October 2019.</p>



Share of Profit from Investments in Associated Companies Unit: Million Baht	2019	2018	Change	%
Bangkok Expressway and Metro Public Company Limited	1,560.38	1,479.71	80.67	5.45
CK Power Public Company Limited	250.88	178.40	72.48	40.63
Kamala Senior Living Co., Ltd.	(5.02)	(0.48)	(4.54)	(945.83)
Total	1,806.24	1,657.63	148.61	8.97

Finance cost for 2019 amounted to Baht 1,225.80 Million, a decrease by Baht 21.73 Million, representing 1.74 percent.

The Company and its subsidiaries had finance cost in the amount of Baht 1,225.80 Million, a decrease by Baht 21.73 Million as compared with that of the previous year, representing 1.74 percent.

Corporate income tax for 2019 amounted to Baht 126.39 Million, a decrease by Baht 12.39 Million, representing 8.93 percent.

The Company and its subsidiaries had corporate income tax in the amount of Baht 126.39 Million, a decrease by Baht 12.39 Million as compared with that of the previous year, representing 8.93 percent, mainly resulting from joint venture and subsidiaries in Thailand.

In 2019, return on equity was equal to 6.63 percent and return on assets was equal to 2.14 percent.

The Company and its subsidiaries had return on equity equal to 6.63 percent, a decrease by 3.41 percent as compared with that of the previous year, and return on assets equal to 2.14 percent, a decrease by 0.92 percent as compared with that of the previous year, due to a decrease in net profit.

Consolidated Statement of Financial Position Unit: Million Baht	December 31, 2019	December 31, 2018	Change	
			Amount	percent
Assets	82,585.59	83,500.54	(914.95)	(1.10)
Liabilities	54,773.07	57,671.82	(2,898.75)	(5.03)
Shareholders' equity	27,812.52	25,828.72	1,983.80	7.68

Total assets as at December 31, 2019 amounted to Baht 82,585.59 Million, a decrease by 1.10 percent from the previous year.

As at December 31, 2019, the Company and its subsidiaries had total assets amounting to Baht 82,585.59 Million, a decrease by Baht 914.95 Million from the end of the previous year, representing 1.10 percent, due to a decrease in contract liabilities and assets.

Total liabilities as at December 31, 2019 amounted to Baht 54,773.07 Million, a decrease by 5.03 percent from the previous year.

As at December 31, 2019, the Company and its subsidiaries had total liabilities amounting to Baht 54,773.07 Million, a decrease by Baht 2,898.75 Million, representing 5.03 percent, mainly due to a decrease in payables.



Shareholders' equity as at December 31, 2019 amounted to Baht 27,812.52 Million, an increase by 7.68 percent from the previous year. As at December 31, 2019, the Company and its subsidiaries had shareholders' equity in the total amount of Baht 27,812.52 Million, an increase by Baht 1,983.80 Million from the previous year, representing 7.68 percent, resulting from the operational results of the Company and its subsidiaries, net of dividend payment.

Cash Flow Statement Unit: Million Baht	Year	
	2019	2018
Net cash flows from (used in) operating activities	3,427.69	7,164.35
Net cash flows from (used in) investing activities	(2,949.63)	(1,876.54)
Net cash flows from (used in) financing activities	(396.00)	(3,357.18)
Effect of exchange rate changes on cash and cash equivalents	(36.88)	(69.90)
Net increase (decrease) in cash	45.18	1,860.73

In 2019, cash from operating activities amounted to Baht 3,427.69 Million; cash used in investing activities amounted to Baht 2,949.63 Million; and cash used in financing activities amounted to Baht 396.00 Million. In 2019, the Company and its subsidiaries had net cash from operating activities amounting to Baht 3,427.69 Million, due to the operational results of the Company and its subsidiaries; cash used in investing activities amounting to Baht 2,949.63 Million, resulting from investments in associated companies and property, plant and equipment; and cash used in financing activities amounting to Baht 396.00 Million, thereby resulting in an increase net cash of Baht 45.18 Million.

14.1.3 Ability in Asset Management

The asset value of the Company and its subsidiaries under the consolidated financial statements reflected value close to fair value since the Company and its subsidiaries arranged for the assessment of value of various assets. In addition, if it was expected which asset value would be impaired, the Company and its subsidiaries would set aside a provision to ensure that asset value under the financial statements did not materially differ from fair value.

Trade accounts and other receivables

As at December 31, 2019, the Company and its subsidiaries had trade accounts receivable amounting to Baht 2,383.19 Million, divided into related companies trade accounts receivable representing 28.75 percent, such as, Bangkok Expressway and Metro Public Company Limited and non-related companies trade accounts receivable representing 71.25 percent, such as, the Mass Rapid Transit Authority of Thailand, and other receivables amounting to Baht 1,259.36 Million, therefore, the total receivables amounted to Baht 3,642.55 Million, a decrease by Baht 3,763.23 Million from the end of 2018, representing 50.81 percent, due to the fact that the Double Track Railroad Construction Project, Chira Junction - Khon Kaen Section, and the Xayaburi Hydroelectric Power Project have been



already delivered, with the work value being paid; together with a decrease in trade receivables of the MRT Orange Line as compared to that of the previous year.

Trade and other receivables of the Company were mostly from construction services and sales of construction materials, with the 30-65 day normal credit term to the Company's customers. In 2019, the Company and its subsidiaries had the average collection period equal to 87.63 days, an increase by 7.74 days from 2018, resulting from calculation of average trade receivables and other receivables between the balance at the beginning of the year and that at the end of the year. The balance of the receivables as at the end of 2018 was higher than normal and was not in line with revenues from construction services and sales of construction materials which decreased in 2019. However, if the average collection period was calculated based on the balance of trade and other receivables as at the end of 2019, it would be equal to 57.78 days which was at the normal level.

Trade accounts receivable were stated at the net realizable value. Allowance for doubtful accounts was provided by the Company and its subsidiaries for the estimated losses that might incur from uncollectible receivables. The allowance was generally based on collection history and analysis of debt aging (the analysis of debt aging was shown in Note 9 to Financial Statements).

Short-term loans to related parties and interest receivable

As at December 31, 2019, the Company and its subsidiaries had short-term loans to related parties and interest receivable under the consolidated financial statements amounting to Baht 54.06 Million, comprising loans extended to Kamala Senior Living Co., Ltd., while during the year 2019, CKCH Joint Venture and Joint Venture BBCD had already fulfilled all liabilities (see details in Note 6 e) to Financial Statements).

Contract assets/contract liabilities

The contract assets comprised unbilled receivables and retention receivables while the contract liabilities formerly comprised construction revenue received in advance and advance received from employers. In this connection, the Company reclassified the accounting item to ensure consistency with the definition under the Thai Financial Reporting Standard, TFRS 15: Revenue from contracts with customers (see further details in Note 3 to Financial Statements).

As at December 31, 2019, the Company and its subsidiaries had the contract assets in the amount of Baht 1,766.06 Million, a decrease by Baht 2,122.64 Million from the end of the year 2018, representing 54.58 percent, due to the acceleration of work value collection; and had the contract liabilities in the amount of Baht 10,772.80 Million, a decrease by Baht 210.29 Million, representing 1.91 percent, resulting from the construction progress.



	2019	2018	Change	
	Million Baht	Million Baht	Million Baht	%
Contract Assets				
Unbilled receivables	1,127.63	3,103.91	(1,976.28)	(63.67)
Retention receivables	638.43	784.79	(146.36)	(18.65)
Total contract assets	1,766.06	3,888.70	(2,122.64)	(54.58)
Contact Liabilities				
Construction revenue received in advance	9,116.36	7,726.19	1,390.17	17.99
Advance received from employers	1,656.43	3,256.90	(1,600.47)	(49.14)
Total contract liabilities	10,772.79	10,983.09	(210.30)	(1.91)

Long-term loans to associated company and interest receivable

As at December 31, 2019, the Company had long-term loans to associated company amounting to Baht 10,028.18 Million and interest receivable amounting to Baht 2,523.34 Million, totaling Baht 12,551.52 Million. On May 16, 2016, the Board of Directors' Meeting resolved to grant approval for the Company to provide sponsors support to Xayaburi Power Company Limited (CK Power Public Company Limited's associated company). Thereafter, on May 17, 2016, the Company signed the Sponsors Loan Agreement with such company, under which the Company would extend loans in the amount of approximately Baht 13,547 Million to such company for use in construction of additional works of the Xayaburi Hydroelectric Power Project. Such loans are to carry the interest at the Minimum Loan Rate plus 0.25 percent (MLR + 0.25%) per annum during the project construction period and at the Minimum Loan Rate (MLR) during the period of the project's Commercial Operation Date (within 2019). The loan repayment was scheduled to be made and due in full by no later than 2031, at the same rate as that of loans from the lending banks for this project.

In 2019, Xayaburi Power Company Limited repaid the loans in the amount of Baht 3,000 Million. In this regard, Xayaburi Power Company Limited would repay the loans and interest from the remaining cash after fulfillment of all provisions in the long-term loan agreements of the lending banks (see details in Note 6 f) to Financial Statements).

Investments in associated companies

As at December 31, 2019, the Company and its subsidiaries had investments in associated companies under the consolidated financial statements amounting to Baht 27,849.29 Million, an increase from the end of 2018 by Baht 5,402.56 Million, per the details as follows:



	2019	2018	2019	2018	Change	
	percent	percent	Million Baht	Million Baht	Million Baht	%
Bangkok Expressway and Metro Public Company Limited	32.21	31.78	20,896.62	19,230.86	1,665.76	8.66
CK Power Public Company Limited	31.90	27.22	6,938.49	3,196.67	3,741.82	117.05
Kamala Senior Living Co., Ltd.	20.00	20.00	14.18	19.20	(5.02)	(26.15)
Total			27,849.29	22,446.73	5,402.56	24.07

The increase in investments in associated companies was mainly caused by the Company's additional investments in Bangkok Expressway and Metro Public Company Limited and CK Power Public Company Limited during the year (see details of change in investments in associated companies in Note 15 to Financial Statements).

14.1.4 Liquidity and Adequacy of Investments

Current ratio as at December 31, 2019 was equal to 1.06 times, an increase from 0.91 times of the previous year.

The Company and its subsidiaries had current ratio under the consolidated financial statements as at December 31, 2019 equal to 1.06 times, an increase as compared with 0.91 times of the end of the previous year; and quick ratio equal to 0.51 times, an increase from 0.31 times of the end of the previous year, due to a decrease in current liabilities of the Company and its subsidiaries, as well as having the cash cycle at approximately 28.65 days, a decrease from 44.34 days from the previous year (average collection period + average sale period - debt servicing period).

The Company was certain that the Company's liquidity was adequate for its operations, and the Company was able to service its debts as well as complying with the material borrowing conditions, together with additional financing.

Debt to equity ratio as at December 31, 2019, was equal to 1.00 times, a decrease from 1.07 times of the previous year.

The Company and its subsidiaries had debt to equity ratio under the consolidated financial statements as at December 31, 2019 equal to 1.00 times, a decrease from 1.07 times from the end of the previous year. The debt to equity ratio was still lower than the specified conditions of issuance of debentures at not exceeding 3.00 times.

Interest coverage for 2019 was equal to 2.98 times.

The interest coverage was equal to 2.98 times, a decrease by 0.70 times as compared with 2018, due to a decrease in net profit.

14.1.5 Obligations

As at December 31, 2019, the Company's significant obligations were as follows:

- The Company provided security for credits for the subsidiary's construction project, namely, CH. Karnchang (Lao) Co., Ltd., which was extended by banks and financial institutions, in the total amount of Baht 19,953 Million.
- The Company and its subsidiaries had obligations relating to costs of various construction projects and services, which the Company and its subsidiaries entered into agreements in the amounts of Baht 9,259 Million, Euro 32 Million, USD 27 Million, and YEN 16 Million.



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- Letters of guarantee were issued by banks in the name of the Company and its subsidiaries in connection with their obligations in the ordinary course of business in the total amount of Baht 18,971 Million.
 - The Company and its subsidiaries incurred capital expenditures in the amount of approximately Baht 100 Million and YEN 9 Million in connection with purchase of plant, machinery and equipment.
 - Subsidiaries were obligated to pay rentals under the office and equipment lease agreements in the total amount of Baht 197 Million.
 - The Company was obligated to provide financial support to Xayaburi Power Company Limited (see details in Note 6 to Financial Statements).
 - Subsidiaries were obligated to extend a fund to one associated company for use in development and management of the elderly residential project, in the remaining amount of Baht 229 Million.

14.1.6 Factors Affecting Future Operations

In 2019, the government sector completely pushed forward many large-scale infrastructure projects, among of them, for instance, the hi-speed rail linked 3 airport project, the Map Ta Phut Industrial Port Project, Phase 3, the Thailand-Chinese High Speed Rail Project, the Toll Collection System and Maintenance Project, the Bang Yai - Kanchanaburi and Bang pa-in - Nakhon Ratchasima Motorway Projects and the Rama III - Dao Khanong Expressway. Moreover, many projects remained under bidding process continuously until 2020, such as, the U-Tapao and Eastern Airport City Development Project, the Laem Chabang Port Project, etc.

Upon commencement of construction of these mega projects, this would propel economic movement against the economic slowdown and boost confidence in Thailand in the global eyes, and attract investment from the business sector around the world and upgrade Thailand's status to step into Thailand Industry 4.0 as mechanism in driving forward Thailand's economy in the future.

In addition to the projects under bidding process, there were many projects pushed forwarded by the government sector to ensure continuity in infrastructure investment, such as, the MRT West Orange Line Project, Bang Khun Non - Thailand Cultural Centre Section, the MRT South Purple Line Project, Tao Poon - Rat Burana Section, the MRT Red Line, 9 routes of double track railroad projects, the 3rd Runway for Suvarnabhumi Airport Project, etc., all of which have the significance to the transportation, both in Bangkok and Thailand as a whole.



Report on Responsibilities of the Board of Directors towards the Financial Report

The Company's Board of Directors realizes the significance of its duties and responsibilities in supervising the Company's business to ensure good management in accordance with laws, objectives and the Company's Articles of Association, as well as resolutions of the shareholders' meetings with integrity and prudence. The Board of Directors protects the benefits of the Company, shareholders and general investors by ensuring that the Company's financial report contains accurate and full accounting records that reflect the Company's actual financial position and operational results.

The Company's Board of Directors establishes the Audit Committee comprising independent directors fully qualified in accordance with the requirements of the Stock Exchange to review and ensure the accuracy and sufficiency of the financial report, including accurate and complete disclosure of connected transactions or transactions with possible conflict of interest, in compliance with the requirements of the Stock Exchange and relevant rules and regulations. In this regard, the Audit Committee has already reported their performance to the Company's Board of Directors.

The Company's Board of Directors is of the opinion that the financial statements for 2019 of the Company and the subsidiaries, which have been reviewed by the Audit Committee in conjunction with the management, and audited by the Company's auditor, reflect accurate financial position and operational results as appropriate in material aspects in accordance with generally accepted accounting principles.

(Miss Supamas Trivisvavet)
President

(Mr. Prasert Marittanaporn)
Director