




ANNUAL REPORT 2021

(FORM 56-1 ONE REPORT)



Strong Fundamental towards
New Opportunity for
Business Sustainability

STP&I Public Company Limited



VISION

To be a leader in steel construction module for export specially in energy sector and to continue sustainability growth which create value added to all parties

MISSION

STP&I strongly engages in mega steel construction for construction business including machinery and equipment for construction business

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■ Message from Managing Director ■



The past 2020-2021 has been two challenging years in the company's business operations under the continuous circumstances of the Covid-19 epidemic which has affected the global economy and the domestic economy

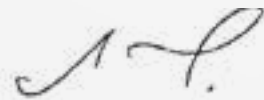
In the beginning of 2021 there has been a trend of the emergence of many new projects. The Company has had the opportunity to participate in bidding for several projects for LNG Plant and Petrochemical Plant in many countries. While oil and gas prices in the world market have fluctuated from many factors and there are still concerns about the outbreak of the coronavirus 2019 (COVID 2019) in many countries especially in America and Europe. Investments in the oil and natural gas industry and petrochemical industry also slowed down. Therefore, investment decisions in new projects in large projects was announced to postpone from the original plan.

However, oil and gas prices in the world market will likely start to rise in late 2021 and adapting challenge to the outbreak of the coronavirus 2019 (COVID 2019). The customer has resumed the work again in late 2021 after suspending construction previously. Therefore, as of December 31, 2021 the company has a backlog of more than 4,700 million baht which will be recognized revenue in the next 1-2 years. The Company is in the process of participating in the bidding projects which are delay but the Company still ready to work for the final investment decisions or action from the project owner in the next 1-2 years. Therefore, it is considered a good trend for the year 2022, where the company has already participated in the bidding for those projects.

In addition, the company will continue to focus on De-commissioning of Offshore Platform especially the concession stand in the Gulf of Thailand which must begin to be demolished according to the concessionaire's plan and the Department of Mineral Fuels' plan which there are numbers of platforms in 2022. The Company is one of the largest service provider in Thailand who has a licensed factory operator and has the area to support this type of work. There are few competitors compared to the number of platform as per in the demolition plan. The Company participated in the bidding of many demolition works which tends to be a good opportunity to get award on this type of work on an ongoing basis. The bidding results will begin to be known around the first quarter of 2022.

The Company continues to look for other business opportunities to ensure continuity in the business operation of STPI Group and generate recurring income for the Group in the long term especially the expansion of business in real estate development and logistics under ST Property and Logistics Company Limited ("STPL") a subsidiary of the Company who owns 100% and ST Hill Co., Ltd. and ST Hub Co., Ltd., which are subsidiaries in which STPL owns 100 percent. The group companies sold the leasehold rights and/or the sublease rights of projects about warehouses and factories with offices shopping center building project and office building project to a real estate leasehold right investment trust achieved in the amount of 2,325 million baht. Therefore, it is the first and important step to fully enter into the real estate development business and will continue to strive to develop business in this area continuously.

On behalf of the Board of Directors and Executives, I would like to thank all groups of stakeholders for their trust and support in the Company's operations as always and please be confident that directors, executives and employees will be dedicated to building business growth on the basis of sustainability and adherence to good governance for the company to grow steadily and create value added for shareholders in the long term.



Mr. Masthawin Charnvirakul

Director, Executive Director,
Managing Director

■ Company Information ■

Company name	:	STP&I Public Company Limited
Types of Business	:	Steel Structure Fabrication Piping Fabrication Process Module
Address	:	32/24, Sino-Thai Tower, 3rd Floor, Sukhumvit 21 Road (Asoke), Klongtoey-Nua, Wattana, Bangkok 10110 Thailand
Company registration number	:	0107538000452 (Bor Mor Jor 568)
Telephone	:	+66 (0) 2260 -1181
Facsimile	:	+66 (0) 2260 -1182
e-mail	:	contact@stpi.co.th
website	:	www.stpi.co.th
Registered Capital	:	406,209,600 Baht including 1,624,838,400 common shares at 0.25 Baht Par Value (as of 31 Dec. 2021)
Paid-up Capital	:	406,207,869.50 Baht including 1,624,831,478 common shares at 0.25 Baht Par Value (as of 31 Dec. 2021)



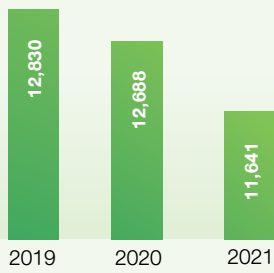
■ FINANCIAL HIGHLIGHT ■

		For the year ended 31 December		
		2019	2020	2021
Financial Position				
Total assets	(Mil.Baht)	12,830	12,688	11,641
Total liabilities	(Mil.Baht)	3,740	4,997	3,685
Total shareholders' equity	(Mil.Baht)	9,090	7,671	7,957
Equity attributable to owners of the Company	(Mil.Baht)	8,466	7,383	7,715
Operating Result				
Revenues from Fabrication Work, Sales and Services, Rental of Property	(Mil.Baht)	1,518	1,763	2,259
Cost of Fabrication Work, Sales and Services, Rental of Property	(Mil.Baht)	1,373	1,686	1,746
Gross Earnings	(Mil.Baht)	145	77	513
Factory overhead expenses not allocate to cost of fabrication work	(Mil.Baht)	387	222	172
Revenues from fabrication work recognized the remaining contract value received in accordance with the arbitral award	(Mil.Baht)	843	-	-
Interest income and cost received in accordance with the arbitral award	(Mil.Baht)	716	-	-
Other income	(Mil.Baht)	186	76	110
Gain (Loss) on foreign exchange	(Mil.Baht)	(277)	62	187
Gain on sales of investment properties	(Mil.Baht)	-	-	136
Damages from litigation	(Mil.Baht)	-	89	-
Impairment loss on rights to produce and sell electricity	(Mil.Baht)	-	500	-
Impairment loss on equipment and intellectual property, Loss on sales of petty patent	(Mil.Baht)	-	140	-
Selling and Administrative expenses	(Mil.Baht)	403	432	347
Reversal of allowance for doubtful debt	(Mil.Baht)	1,195	-	-
Operating profit (loss)	(Mil.Baht)	2,018	(1,168)	427
Share of profit from investments in associate	(Mil.Baht)	-	-	4
Finance income	(Mil.Baht)	110	81	62
Finance cost	(Mil.Baht)	89	91	(78)
Income tax benefit (expenses)	(Mil.Baht)	(1)	78	(142)
Loss attributable to Non-controlling interests of the subsidiaries	(Mil.Baht)	(51)	(263)	(47)
Profit (Loss) attributable to Equity holders of the Company	(Mil.Baht)	2,089	(837)	320
Financial Ratio				
Gross Profit	(%)	9.53	4.38	22.72
Net Profit (Loss) Margin	(%)	45.74	(42.21)	11.63
Return on Asset	(%)	17.23	(8.63)	2.25
Return on Equity	(%)	27.18	(10.56)	4.24
Debt/Equity Ratio	(Times)	0.44	0.68	0.48
Share Information				
Earnings (Loss) per Share ¹⁾	(Baht)	1.29	(0.52)	0.20
Book Value per Share ²⁾	(Baht)	5.21	4.59	4.83
Dividend per Share	(Baht)	0.40	N/A	N/A

Remark :

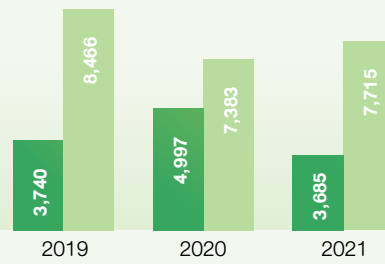
- 1) Earnings (loss) per Share = Profit (loss) for the year attributable to equity holders of the Company divided by the weighted average number of ordinary shares in issue during the year, net of the treasury shares held by the Company.
- 2) Book Value per Share = Equity attributable to owners of the Company divided by weighted average of number of ordinary shares as described in 1) above

Total assets (Mil.Baht)

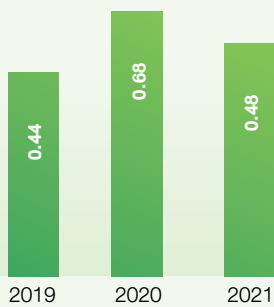


Total Liabilities and Equity attributable to owners of the Company (Mil.Baht)

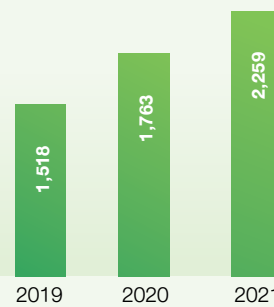
■ Total liabilities ■ Equity attributable to owners of the Company



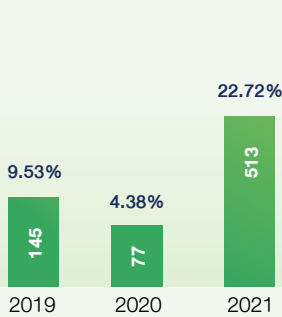
Debt/Equity Ratio (Times)



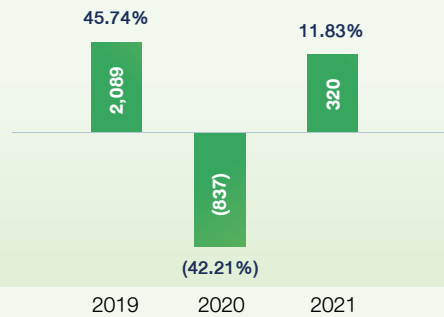
Revenues from Fabrication, Sales and Services, Rental of Property (Mil.Baht)



Gross Earnings Gross Profit Gross Profit (Mil.Baht, %)

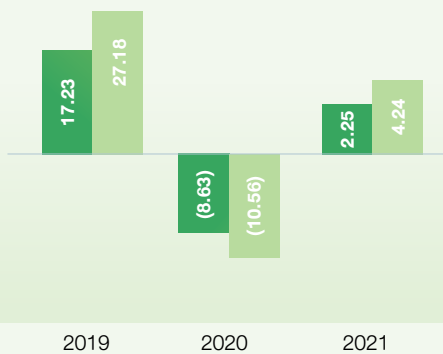


Net Profit (Loss) (Mil.Baht), Net Profit (Loss) Rate (%)

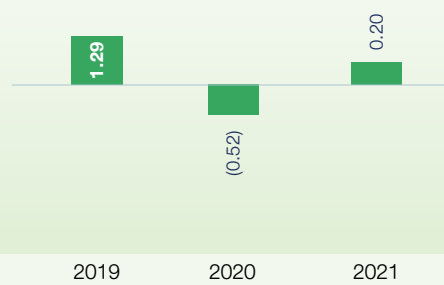


ROA & ROE (%)

■ Return on Equity ■ Debt/Equity Ratio



Net Earnings (loss) per Share (Baht)





■ Board of Directors ■



01



02



03



04



05



06



07



08

1. Mr. Chavarat Charnvirakul

Chairman of the Board

2. Dr. Wicha Jiwalai

Independent Director
and Chairman of the Audit Committee

3. Police General Jate Mongkolhutthi

Independent Director
and Member of Audit Committee

4. Miss Sirangrong Chowiwatana

Independent Director
and Member of Audit Committee

5. Mr. Chamni Janchai

Director

6. Mr. Masthawin Charnvirakul

Director, Executive Director, Managing Director

7. Mr. Suwat Riensiriwan

Director

8. Mr. Choavalit Limpanich

Director, Executive Director,
Deputy Managing Director

■ Executive Committee and Managements ■



01



02

1. Mr. Masthawin Charnvirakul

Director, Executive Director,
Managing Director

2. Mr. Choavalit Limpanich

Director, Executive Director,
Deputy Managing Director



03



04

3. LT. JG. Kitti Junsangsri

Executive Director,
Marketing and Estimation Department
Manager

4. Mrs. Atitaya Charnvirakul

Executive Director, Administrative Department
Manager and Corporate Secretary



05



06

5. Ms. Supattra Yangtrong

Executive Director, Finance and Accounting
Department Manager

6. Mrs. Anilrat Nitisaroj

Executive Director, Business Development and
Legal Department Manager



07



08

7. Mr. Thammanoon Narind

Fabrication Department Manager
(Chonburi and Sriracha)

8. Mr. Supot Pongtong

Fabrication Department Manager
(Rayong and Leamchabang Assembly Yard)



09

9. Mr. Tawan Chaisomtip

Project Control and Contract Administrative
Department Manager

■ Profile Board of Directors And Executive Committee And Managements ■



Mr. Chavarat Charnvirakul
Chairman of the Board

Age 85 Years

Directorship

- Induction on 15 December 2019
- 2 Directorship period

2021 Meeting Attendance

- 4/5 Board of Director Meetings

Stock Holding

- 56,906,765 shares, 3.50% (as of 31 Dec. 2021)

Qualification

- Honorary Doctorate Degree in Management at Ramkhamhaeng University
- Bachelor of Science in Economics, Thammasat University
- Diploma, National Defence College, The Joint State – Private Sector (Course Class 3rd)
- Certificate of Role of the Chairman Program (RCP), Class 3rd, Thai Institute of Directors (IOD)
- Certificate of Director Certification Program (DCP), Class 17th, Thai Institute of Directors (IOD)
- Certificate of Finance for Non-Finance Director (FND), Class 22nd, Thai Institute of Directors (IOD)

Experience

- Minister of Interior
- Act on behalf of Prime Minister
- Deputy of Prime Minister
- Deputy Minister of Public Health
- Minister of Social Development and Human Security
- Deputy Minister of Finance
- Party Leader of Phoom Jai Thai

- Vice Chairman of the Listed Companies Sub-Committee.
*The Stock Exchange of Thailand
- Chairman of the Board of Advisors
*Iron and Steel Institute of Thailand
- Chairman of the Board
*South East Asia Iron and Steel Institute (SEAISI)
*STP&I Public Company Limited
- Advisory Board
*The Federation of Thai Industries
- Director
*Krung Thai Bank Public Company Limited
*United Motor Works (Siam) Public Company Limited
*Phoenix Pulp & Paper Public Company Limited
*Thai Glass Industries Public Company Limited
*Thai Industrial Gases Public Company Limited
*DHL Express International (Thailand) Limited

Other position in listed company in SET

- None

Other position in non-listed companies

- Honorary Consul General of Papua New Guinea to Thailand

Relationship with other Executives

- Father of Mr. Masthawin Charnvirakul (Director, Executive Director and Managing Director)
- Father of Mrs. Anilrat Nitisaraj (Executive Director)

Prohibited Qualifications/Committed an Offence

- None



Dr. Wicha Jiwalai
Independent Director
and Chairman of the Audit Committee

Age 77 Years

Directorship

- Induction on 9 April 1999
- 8 consecutive directorship periods

2021 Meeting Attendance

- 5/5 Board of Director Meetings
- 5/5 Audit Committee Meetings

Stock Holding

- None

Qualification

- Ph.D. (Geodetic Science), The Ohio State University, USA.
- Master Degree of Geodetic Science, The Ohio State University, USA.
- Master Degree of Photogrammetric. Engineering, ITC, The Netherlands.
- B.Eng (Civil Engineering), Chulalongkorn University
- Certificate of Director Accreditation Program (DAP) Class 8th, Thai Institute of Directors (IOD)
- Certificate of Director Certification Program (DCP) Class 14th, Thai Institute of Directors (IOD)
- Certificate of Chairman 2000 (RCP) Class 13th, Thai Institute of Directors (IOD)
- Certificate of Audit Committee Program (ACP) Class 14th, Thai Institute of Directors (IOD)
- Certificate of Finance for Non-Finance Director (FND) Class 10th, Thai Institute of Directors (IOD)

Experience

- Chairman of Director
*Geo-Information and Space Technology Development Agency (Public Organization)
- Associated Governor of Bangkok Metropolitan
- Associated Professor and Head of Department of Survey Engineering, Faculty of Engineering, Chulalongkorn University

Other position in listed company in SET

- Chairman of the Audit Committee, Chairman of Nomination and Remuneration Committee
*Thai Nondestructive Testing Plc.
- Audit Committee, Member of Nomination and Remuneration Committee
*Thai Optical Group Plc.

Other position in non-listed companies

- Chairman of the Board
* Salintara Co., Ltd.
- Director
* World Resort Co., Ltd.

Relationship with other Executives

- None

Prohibited Qualifications/Committed an Offence

- None



Police General Jate Mongkolhutthi

Independent Director and Member of Audit Committee

Age 69 Years

Directorship

- Induction on 9 April 1999
- 8 consecutive directorship periods

2021 Meeting Attendance

- 5/5 Board of Director Meetings and 5/5 Audit Committee Meetings

Stock Holding

- None

Qualification

- Bachelor of Civil Law, Ramkhamhaeng University
- Master of Law, Chulalongkorn University
- Certificate of Advanced courses Police Administration Class 16th
- Certificate of Advanced Development Management Course Class 7th (NIDA)
- Certificate of The National Defence College (NDC 45)
- Certificate of Program on judicial administration for the director general public prosecutor 6th Training, Office of The Attorney General
- Certificate of Director Accreditation Program (DAP) Class 8th, Thai Institute of Directors (IOD)
- Certificate of Audit Committee Program (ACP) Class 14th, Thai Institute of Directors (IOD)
- Certificate of Finance for Non – Finance Directors (FND) Class 30th, Thai Institute of Directors (IOD)
- Certificate of Director Certificate Program (DCP) Class 117th, Thai Institute of Directors (IOD)

Experience

- Advisor (Sor.Bor.10) in Law and Investigation, Office of Commissioner General, Royal Thai Police
- Director (Independent Director)

* Government Housing Bank

- Director (Independent Director)
 - * Liquor Distillery Organization Excise Department
- Director (Independent Director)
 - * The Market Organization under the Ministry of Interior
- Member of University Council
 - * Valaya Alongkorn Rajabhat University
- Director (Independent Director)
 - * Government Housing Bank
- Commission official information
 - * Board Information Act Official 2540
- Consultants
 - * National Credit Bureau Co., Ltd.
- Independent Director and Member of the Audit Committee
 - * Southeast Insurance Plc.

Other position in listed company in SET

- Independent Director and Member of the Audit Committee
 - * Sino-Thai Engineering and Construction Plc.
- Independent Director and Chairman of Risk Management Committee
 - * Thai Group Holdings Public Company Limited
- Chairman of the Board
 - * Lease It Plc.

Other position in non-listed companies

- Independent Director and Member of the Audit Committee
 - * Southeast Life Insurance Plc.
- Chairman of the Board
 - * One Power Company Limited
 - * Prestige 2015 Company Limited

Relationship with other Executives

- None

Prohibited Qualifications/Committed an Offence

- None



Miss Sirangrong Chowiwatana
Independent Director and Member
of Audit Committee

Age 44 Years

Directorship

- Induction on 10 August 2017
- 2 consecutive directorship periods

2021 Meeting Attendance

- 5/5 Board of Director Meetings and 5/5 Audit Committee Meetings

Stock Holding

- None

Qualification

- Master Degree of MBA (Summa Cum Laude) California State University, USA
- B.A. (Accounting), Second Class Honors, Thammasat University
- Bachelor of Public Health Program (Occupational Health and Safety) Sukhothai Thammathirat Open University
- C.P.A. License No. 6406
- The safety officer in professional level
- Certificate of Director Accreditation Program (DAP) Class 142/2017, Thai Institute of Directors (IOD)
- Certificate of Director Certification Program (DCP) Class 252/2018, Thai Institute of Directors (IOD)
- Certificate of Advanced Audit Committee Program (AACP) Class 28/2018, Thai Institute of Directors (IOD)
- Top Executive Program on China Business Insights and Network (T E P C I A N) Class 1, Thai Chamber of Commerce And University of the Thai Chamber of Commerce
- Senior executive program justice Class 24, Judicial Training Institute
- Intermediate Certificate Courses – Good Governance for Medical Executives Class 9, King Prajadhipok's Institute

- TISCO Wealth Enhancement Program Class 1st, TISCO Bank Public Company Limited
- Ultra Wealth 2nd The Faculty of Economic Chulalongkorn University

Experience

- Assistant Manager Investment Banking, KT ZMICO Securities Company Limited
- Senior Officer Strategic Planning,
*Pantavanij Co.,Ltd.
- Senior Inspector,
*SGV-NA Thalang Office Co.,Ltd. (Andersen)

Other position in listed company in SET

- None

Other position in non-listed companies

- Executive Vice President
* Ch. Thawee Construction Co., Ltd.
- Managing Director
* Donmuang Karnchang Co., Ltd.
* Development Plus Co., Ltd.
- Secretary of the Transport Commission
* House of Parliament
- Advisor to the Energy Commission
* House of Parliament

Relationship with other Executives

- None

Prohibited Qualifications/Committed an Offence

- None



Mr. Chamni Janchai
Director

Age 65 Years

Directorship

- Induction on 9 April 1999
- 7 consecutive directorship periods

2021 Meeting Attendance

- 5/5 Board of Director Meetings

Stock Holding

- 21,892,433 shares, 1.35% (as of 31 Dec. 2021)

Qualification

- Advance Certificate – Public Economic Management, Prajadhipok's Institute
- Master of Business Administration, Thammasat University
- B.A. (Accounting), Thammasat University
- Certificate of Director Accreditation Program (DAP), Class 30th , Thai Institute of Directors (IOD)
- Certificate of Role of the Chairman Program (RCP), Class 21st , Thai Institute of Directors (IOD)
- Certificate of Risk Management Program for Corporate Leader (RCL), Class 17th , Thai Institute of Directors (IOD)

Experience

- Director and Deputy of Managing Director
* NTS Steel Group Plc.
- Vice President
* Nakorn Thai Strip Mill Plc.
- Qualified Director and Executive Director
* Iron and Steel Institute of Thailand
- Advisor to the Chairman of the Committee of Communications and Telecommunications.
* House of Representatives
- Advisor to the Board of Directors
* Iron and Steel Institute of Thailand
- Chairman

* Burapa Steel Industries Co., Ltd.

* Thai Capital Corporation Plc.

- Advisor to the Board of Directors
* National Housing Authority
- Advisor to the Chairman of the Provincial Electricity Authority
* Provincial Electricity Authority
- Director and Audit Committee
* Thai Theparos Food Products Plc.
- Chairman of the Board
* Max Metal Corporation Plc.
- President
* CJ Morgan Co., Ltd.
- Director
* Betong Green Power Co., Ltd.
* Betong Biofuel Co., Ltd.
* Chumphon Biofuel Co., Ltd.
- Director and Chief Executive
* BMP Energy Pcl.
- President
* CJM Consult Co., Ltd.
- Independent Director and Member of Audit Committee
* RPCG Public Company Limited

Other position in listed company in SET

- Director and Chairman of Audit Committee
* Sino-Thai Engineering & Construction Plc.

Other position in non-listed companies

- Chairman of the Board
* Cannatory Co., Ltd.

Relationship with other Executives

- None

Prohibited Qualifications/Committed an Offence

- None



Mr. Masthawin Charnvirakul

Director, Executive Director,
Managing Director

Age 50 Years

Directorship

- Induction since 1996
- 8 consecutive directorship periods

2021 Meeting Attendance

- 5/5 Board of Director Meetings

Stock Holding

- None

Qualification

- MBA, University of Southern California, USA
- B.A. (Marketing), Chulalongkorn University
- Certificate of Director Accreditation Program (DAP), Class 1st , Thai Institute of Directors (IOD)
- Capital Market Academy No. 11
- Ultra Wealth 2nd The Faculty of Economic, Chulalongkorn University
- Top Executive Program in Commerce and Trade : TEPCoT Class 11th, Commerce Academy
- Advanced Master of Management Program Class 4, Graduate School of Public Administration , National Institute of Development Administration
- Top Executive Program for Creative & Amazing Thai Services (ToPCATS) Class 1st , University of the Thai Chamber of Commerce

Experience

- Marketing Manager,
*SCC-Dow Chemical Joint

Other position in listed company in SET

- Director
* Sino-Thai Engineering and Construction Plc.
* Thai Solar Energy Public Company Limited

Other position in non-listed companies

- Director/ Managing Director
* STIT Co., Ltd.
- Chairman of the Board
* Fill Up Network Co., Ltd.
- Director
* Cannatory Co., Ltd.

Relationship with other Executives

- Son of Mr. Chavarat Charnvirakul (Chairman of the Board)
- Spouse of Mrs. Atitaya Charnvirakul (Executive Director)
- Sibling of Mrs. Anilrat Nitisaroj (Executive Director)

Prohibited Qualifications/Committed an Offence

- None



Mr. Suwat Riensiriwan
Director

Age 68 Years

Directorship

- Induction on 28 April 2006
- 6 consecutive directorship periods

2021 Meeting Attendance

- 5/5 Board of Director Meetings

Stock Holding

- None

Qualification

- B.Eng (Mechanical), Chulalongkorn University
- Mini MBA, Thammasat University, Class 17th
- Certificate of Director Accreditation Program (DAP), Class 55th, Thai Institute of Directors (IOD)
- Certificate of Understanding the Fundamental of Finance Statement, Class 3rd, Thai Institute of Directors (IOD)
- Certificate of Director Certification Program (DCP), Class 140th, Thai Institute of Directors (IOD)

Experience

- Associated General Manager
* Sino-Thai Pressure Vessel and Iron Works Co., Ltd.
- Director and Managing Director
* STIT Co., Ltd.
- Director/ Executive Director
* STIT Co., Ltd.
- Director
* STP&I Services Co., Ltd.
- Deputy Managing Director
* STP&I Public Company Limited

Other position in listed company in SET

- None

Other position in non-listed companies

- None

Relationship with other Executives

- None

Prohibited Qualifications/Committed an Offence

- None



Mr. Choavalit Limpanich
Director, Executive Director,
Deputy Managing Director

Age 62 Years

Directorship

- Induction on 23 April 2010
- 4 consecutive directorship period

2021 Meeting Attendance

- 5/5 Board of Director Meetings

Stock Holding

- 64,899,995 shares, 3.99% (as of 31 Dec 2021)

Qualification

- MBA, National Institute of Development Administration (NIDA)
- B.Eng. (Mechanical), Prince of Songkla University
- Certificate of Director Accreditation Program (DAP), Class 99th, Thai Institute of Directors (IOD)

Experience

- Plant Engineer
* Kao Industrial (Thailand) Co., Ltd.
- Mechanical Engineer
* Sino-Thai Engineering and Construction Public Co., Ltd.
- Technical Manager
* Sino-Thai Pressure Vessel and Iron Works Co., Ltd.
- Director of Operations/ Plant Management (Chonburi)
* STP&I Public Company Limited

Other position in listed company in SET

- None

Other position in non-listed companies

- Director
* Thai Maintenance Contracting Co., Ltd.
* STP&I Services Co., Ltd.
* WPGE Phetchaburi Co., Ltd.
* STIT Co., Ltd.
* Cannatory Co., Ltd.
- President
* Fill Up Network Co., Ltd.

Relationship with other Executives

- None

Prohibited Qualifications/Committed an Offence

- None



LT. JG. Kitt Jungsangri

Executive Director, Marketing & Estimation
Department Manager

Age 58 Years

Stock Holding

- 16,224,995 shares, 1% (as of 31 Dec 2021)

Qualification

- MBA, Chulalongkorn University
- Master of Engineering, King Mongkut Institute of Technology
- B.Eng (Mechanical), Chiang Mai University

Experience

- Designing and Planning Engineer
* King Rama 5 Naval Dock Yard, Naval Dock Yard Bureau,
Royal Thai Navy
- Engineer
* Sino-Thai Pressure Vessel and Iron Works Co., Ltd.

Other position in listed company in SET

- None

Other position in non-listed companies

- Director
* STP&I Services Co., Ltd.
* WPGE Phetchaburi Co., Ltd.
- Deputy Managing Director
* STIT Co., Ltd.

Relationship with other Executives

- None

Prohibited Qualifications/Committed an Offence

- None



Mrs. Atitaya Charnvirakul

Executive Director, Administrative
Department Manager and Corporate
Secretary

Age 49 Years

Stock Holding

- None

Qualification

- MBA, University of Southern California, USA
- B.A. (Accounting), Chulalongkorn University

Experience

- Finance and Accounting Manager/ Auditing and Controlling
Cost Manager
* STP&I Public Company Limited
- Director
* STIT Co., Ltd.

Other position in listed company in SET

- None

Other position in non-listed companies

- Director
* WPGE Phetchaburi Co., Ltd.
* ST Property & Logistics Co., Ltd.
* ST Hill Co., Ltd.
* ST Hub Co., Ltd.
- Executive Vice President
* Fill Up Network Co., Ltd.

Relationship with other Executives

- Spouse of Mr. Masthawin Charnvirakul, (Director, Executive
Director and Managing Director)

Prohibited Qualifications/Committed an Offence

- None



Ms. Supattra Yangtrong

Executive Director, Finance & Accounting
Department Manager and Person who has
been assigned the highest responsibility in
accounting and finance

Age 46 Years

Stock Holding

- 2,000 shares, 0.00012% (as of 31 Dec. 2021)

Qualification

- Master of Accountancy , Chulalongkorn University
- B.A. (Accounting), Thammasat University
- Tax Auditor
- Strategic CFO in Capital Markets

Experience

- Finance & Accounting Section Manager
* STP&I Public Company Limited
- Revenue Officer
* The Revenue Department

Other position in listed company in SET

- None

Other position in non-listed companies

- Director
* WPGE Phetchaburi Co., Ltd.
* Fill Up Network Co., Ltd.
* STIT Co., Ltd.
* ST Property & Logistics Co., Ltd.
* Cannatory Co., Ltd.

Relationship with other Executives

- None

Prohibited Qualifications/Committed an Offence

- None



Mrs. Anilrat Nitisaroj

Executive Director, Business

Development & Legal Department Manager

Age 46 Years

Stock Holding

- 67,486,724 shares, 4.15% (as of 31 Dec. 2021)

Qualification

- MBA Finance & Strategy Sloan School of Management
Massachusetts Institute of Technology USA.
- B.A. (Accounting), Chulalongkorn University

Experience

- Commercial Manager
* Clough Sino-Thai Co., Ltd.

Other position in listed company in SET

- Director and Executive Director
* Sino-Thai Engineering and Construction Public Co., Ltd.

Other position in non-listed companies

- Director
* WPGE Phetchaburi Co., Ltd.
* ST Property & Logistics Co., Ltd.
* ST Hill Co., Ltd.
* ST Hub Co., Ltd.
- Managing Director
* Cannatory Co., Ltd.

Relationship with other Executives

- Daughter of Mr. Chavarat Charnvirakul (Chairman of the Board)
- Sibling of Mr. Masthawin Charnvirakul (Director, Executive Director and Managing Director)

Prohibited Qualifications/Committed an Offence

- None



Mr. Thammanoon Narind

Fabrication Department Manager
(Chonburi and Sriracha)

Age 53 Years

Stock Holding

- None

Qualification

- MBA, National Institute of Development Administration (NIDA)
- B.Eng (Industrial), Prince of Songkla University

Experience

- Engineer
 - * Sino-Thai Pressure Vessel and Iron Works Co., Ltd.
- Administrative Manager/ Engineering Manager/ QA/ QC Manager
 - * STP&I Public Company Limited
- Windsurf Production Manager/ Production section Manager 6
 - * Cobra International Co.,Ltd

Other position in listed company in SET

- None

Other position in non-listed companies

- None

Relationship with other Executives

- None

Prohibited Qualifications/Committed an Offence

- None

**Mr. Supot Pountong**

Fabrication Department Manager
(Rayong and Leamchabang
Assembly Yard)

Age 55 Years**Stock Holding**

- None

Qualification

- Bachelor of Industrial Engineering, Prince of Songkla University

Experience

- Construction Section Manager
* STP&I Public Company Limited

Other position in listed company in SET

- None

Other position in non-listed companies

- None

Relationship with other Executives

- None

Prohibited Qualifications/Committed an Offence

- None



Mr. Tawan Chaisomtip

Project Control & Contract Administrative
Department Manager

Age 49 Years**Stock Holding**

- None

Qualification

- Master of Engineering, Chiang Mai University King
Mongkut's University of Technology North Bangkok

Experience

- Project Controls Manager (Asia Pacific)
*Global Industries Offshore (Thailand) Ltd.
- Senior Project Controls Engineer
*Clough Thailand Co., Ltd.
- Technical Engineer
*Thai Nippon Steel & Sumikin Engineering & Construction
Corp., Ltd.

Other position in listed company in SET

- None

Other position in non-listed companies

- None

Relationship with other Executives

- None

Prohibited Qualifications/Committed an Offence

- None



1

Part 1

Business and results of
operations



■ Business and results of operations ■

1. Structure and operation of the company group

1.1 Policy and business overview

STP&I Public Company Limited was established in 1975, with over 47 years of experience, the Company has provided customers with professional manufacturing of customized quality steel fabrication including Steel Structure, Piping Fabrication and Process Module such as Modules, Tank, Pressure Vessel, and Boiler. One of STP&I's strengths is its capability to fabricate large built-up beam steel for huge infrastructure and heavy industry projects such as power plants, refineries, high-rise buildings, roof structures, bridges, elevated highways, and airports.

STP&I operates four production plants include Steel Structure fabrication plants in Chonburi and Rayong, Piping fabrication shop in Sriracha and Assembly yard at Laem Chabang Port. With a total capacity of 115,000 ton /year, STP&I has used its capacity at 35% in year 2021.

1.1.1 Mission

STP&I strongly engages in mega steel construction for construction business including machinery and equipment for construction business

Vision

To be a leader in steel construction module for export especially in energy sector and to continue sustainability growth which create value added to all parties

Corporate Objective / Long Term Goal

To be a leader in hi-technology steel construction for mage project around the world with all-time competitiveness and development

1. To satisfy customer on production aspect;
 - (a) Standardized quality of products
 - (b) On time delivery
 - (c) Budget control
 - (d) Without loss time injury
 - (e) Strong and continued relationship with the old customer

2. Sustainable growth by seeking new opportunities that has strong growth and continuously generated income.
3. Maintain liquidity By managing short-term investments and effective long-term investment as well as using various financial tools together with risk management to increase revenue or reduce financial costs appropriately.

Strategy

The Company's strategy for sustainable growth are as follows:

1. Concentrated on customer satisfaction, on-time delivery, and no Loss Time Injury
2. Efficient management and people
3. Maintain strong financial position and management
4. Seeking new businesses that continuously generated income growth business in renewable energy industry and property development and logistics. And businesses that provide investment returns suitable for the current competitive environment

1.1.2 Major changes and developments

● History

1975 The company was established for the business of manufacturing boilers and pressure vessels. The Company was a subsidiary of Sino-Thai Engineering and Construction Public Company Limited with a registered capital of 3 million baht.

1990 The company had a major shareholder of 98% was Sino-Thai Engineering and Construction Public Company Limited and expanded the business of manufacturing of steel structure products for construction and installation with capacity of 20,000 tons per year. The Company name was changed to Sino-Thai Pressure Vessel and Iron Works (STP&I).

1994 The company had moved its location to a new plant in Chonburi with a total capacity of 30,000 ton / year. In addition, the company has received privilege of location in zone 2 from the Board of Investment.

1995 The Company has an important business alliance, Tomoe Corporation (Japan) and Mitsui and Company (Thailand) Co., Ltd., holding 7.14% and 3.32% of shares, respectively. Tomoe Corporation (Japan) has disposed of all its shares in 2005. The company also has expanded its capacity to 50,000 tons per year.

1999 The Company expanded its production capacity by investing in the construction of a new factory in Rayong which had a capacity of 20,000 tons per year. The company has received privilege from the Board of Investment.

2001 The Company has increased its operations in production, distribution, import and export of raw materials, pipes, plumbing pipes, tanks, tanks containing LPG, oil tank, equipment and tools used in construction of all kinds. As well as materials to repair such equipment. The Company also provide the services of assembly equipment, machinery, and all types of mechanic parts and electrical appliances

2004 The Company has jointly established Clough Sino-Thai Company Limited by holding 50% of the total to support the expansion of construction work in the exploration in oil and natural gas and to support large industries. Clough Sino-Thai was registered to dissolve the business on November 1, 2007, which is now completely liquidation.

2008 The Company expanded its production capacity by investing in the construction of a new factory in Sriracha which has a capacity of 25,000 tons per year. And also, the new facility of assembly yard at Laem Chabang Port to support future businesses. The Company has received benefits from Thailand Board of Investment for both facilities

2009 The Company was awarded a quality management system certificate. Have passed the assessment by AJA Registrars Company Limited and registered in accordance with the requirements of the standard ISO 9001: 2015 - The Manufacture of Structural Steel and Piping Work (Excluding Design) for sites registered Chonburi, Rayong, Sriracha and Laem Chabang Assembly Yard by AJA Europe Ltd. (now changed to Socotec Certification (UK) Ltd, which both AJA and SOCOTEC is a wholly owned subsidiary of SOCOTEC Group) under the accreditation of UKAS.

2012 The Company has invested in a new piece of land at Plutaluang Sub-District Sattahip District Chonburi total 387 Million Baht approximate area of 932 Rai for the expansion of the company's business.

2013 The Company was awarded a quality management system certificate of the standard ISO 3834-2 Pipe Welding for sites registered Sriracha plant by Inspecta Sweden AB PPC.

2016 The Company expanded the business of renewable energy, municipal waste power plants by STP&I Services Co., Ltd. (a wholly owned subsidiary of the Company) has acquired 42,000,000 common shares (60% of total ordinary shares) of WPGE Petchaburi Company Limited ("WPP") to operate a municipal waste power plant (waste to energy) for 7.9 megawatt (MW)

The company has received certificate of OHSAS 18001 : 2007 Occupational Health and Safety (The current standard is ISO 45001 : 2018) and ISO 14001 : 2015 Environmental Management by AJA Europe Limited under the accreditation of UKAS and IAF for both Sriracha Plant and Leam Chabang Assembly Yard

2017 The company was granted a factory operation license type of plant No. 106 Factory business of de-commissioning of petroleum wellhead at Leam Chabang Assembly Yard

The company expanded its business in property development and logistics by ST Property and Logistics Co., Ltd. ("STPL") to operate property development and logistics.

2018 The Company has jointly invested in establishing for Fill Up Network Co., Ltd. by holding 70% with Central Oil Group Co.,Ltd. (Not related to the Company), holding 30% of the to operate the trading business of fuel oil thru automated gas station.

2019 The company expanded its business in property development and logistics by ST Property and Logistics Co., Ltd. ("STPL") on the acquisition of the ordinary shares from existing shareholders of Boutique Prakhanong 1 Limited ("BPKN1") and Boutique Prakhanong 2 Limited ("BPKN2") in portion of 100% of total ordinary shares, with total investment 957 million Baht to operate property development and for diversifying operational risk. The registration of a new company name was changes to ST Hill Co., Ltd. and ST Hub Co., Ltd, respectively.

The Company has received certificate ISO 14001:2015 Environmental Management and ISO 45001:2018 Occupational Health and Safety from AJA Europe Limited under the accreditation of UKAS and IAF covering all plants and assembly Yard.

2020 The company on the acquisition 30%of the ordinary shares of Fill Up Network Co., Ltd. from existing shareholders of Central Oil Group Co., Ltd. (CTG). Therefore, the Company own 100% shares in Fill Up Network Co., Ltd.

2021 The company expands its business with long-term continuous returns to establishing a subsidiary by Cannatory Co.,, Ltd.on June 22, 2021 in portion of 100% of total ordinary shares to study the investment in the hemp business

ST Property & Logistics Co., Ltd. ("STPL"), a wholly-owned subsidiary of STP&I Public Company Limited with 100% shareholding, and ST Hill Co., Ltd. and ST Hub Co., Ltd., registered leasehold rights assets in the following 3 projects on the day of the REIT establishment 1. ST Bang Bo Warehouse and Factory with office project, 2. ST Bang Pa-in Warehouse and Factory with office project, and 3. Summer Hill Shopping Center building and Summer Hub Office Building Project successfully with a real estate leasehold investment trust received money in the amount of 2,325 million baht.

1.2 Nature of business

1.2.1 Revenue Structure

The revenue structure of STP&I and its subsidiaries in 2019 to 2021 are provided in the table below:

(Unit: Million Baht)

Revenue	By	2019		2020		2021	
		Amount	%	Amount	%	Amount	%
1. Structural Steel Fabrication	STP&I	549.32	16.83	327.73	17.24	726.38	26.98
2. Piping Fabrication	STP&I	-	-	-	-	-	-
3. Process Module	STP&I	-	-	667.25	35.09	543.32	20.18
4. Sales and Services income ¹⁾	STP&I / STIT / WPP / FILL UP	719.81	22.06	477.16	25.10	770.31	28.61
5. Revenue from rental of property	STPL / ST HILL / ST HUB	248.71	7.62	291.25	15.32	219.34	8.15
6. Other Income ²⁾	All companies	186.08	5.71	137.96	7.25	296.34	11.01
7. Income received under the dispute ³⁾	STP&I	1,559.10	47.78	-	-	-	-
8. Gain on sale of investment properties	ST HILL / ST HUB	-	-	-	-	136.43	5.07
Total		3,263.02	100.00	1,901.35	100.00	2,692.12	100.00

Remarks: 1) Sales and Services income derived from manufacturing, sales and rental Machinery, Construction Material and Equipment, Oil rig decommissioning service, waste disposal service fee and selling oil from automated gas station.

2) Others incomes consist of gain on sales of investments, dividend received from investments in available-for sale securities, gain on sale of land and equipment, scrap sales, and gain on exchange.

3) In 2019, the company recorded revenue at the remaining value from the contract received in the dispute in the amount of 843 million baht, recorded interest income and compensation received in the dispute totaling 716 million baht according to the results of the arbitration decision.

● Business Overview And subsidiaries

STP&I Public Company Limited has provided customers with professional manufacturing of customized quality steel fabrication including Steel Structure, Piping Fabrication and Module. Subsidiaries The group of Company has operated a distributor of equipment and machinery for construction business and industrial sector. The Company also involve in property development and logistics.

knowledge to customer in Thailand and nearby countries and special expertise on construction service. In addition, STIT also provides equipment rental, after sale service and spare parts.

STIT2011 Co., Ltd. (“STIT2011”)

On 17 September 2010, STIT Co., Ltd. on the acquisition 100% of the ordinary shares of STIT 2011 Co., Ltd. (Formerly named “Marvel (FT) Holding Co., Ltd.”) from existing shareholders. The main purpose in expanding the scope of business to distribute new types of products and services and increasing the source of income

Currently, STIT2011 has no business operation due to the combine business of STIT2011 to STIT business in order to managethre operation efficiently and improve cost control

STP&I Services Co., Ltd. (“STPS”)

On 4 February 2013 The Company on the acquisition 100% of STP&I Services Co., Ltd. (Formerly named “LGR (Thailand) Co., Ltd.”) from existing shareholders. The main objective was to operate a business that supports construction and property development and increase the flexibility in management. Therefore, iThe Company added the objective to operate in the renewable energy business in various forms to engage in the production and distribution of electricity power plant construction contractor and consultant on all types of renewable energy business. The current focus on investments in WPP.

WPGE Petchaburi Co., Ltd. (“WPP”)

On 5th November 2016 STP&I Services Co., Ltd (a wholly owned subsidiary of the Company) on the acquisition of 42,000,000 ordinary shares (60% of total ordinary shares) of WPGE Phetchaburi Company Limited (“WPP”) from existing shareholders to operate a municipal waste power plant (waste to energy) for 7.9 megawatt (MW) power generation in Petchaburi Province, Thailand for the Provincial Electricity Authority convert waste into electrical energy, fuel oil and fertilizer as well as providing business advice related to electricity generation and distribution and municipal waste disposal. Currently, the construction was stopped temporarily during the year due to a dispute with the contractor to design and construct the power plant. As a result, the schedule for electricity generation and distribution has to be postponed from the original plan and the plant has to be improved in roder to to use it as intended.

ST Property & Logistics Co., Ltd. (“STP&L”)

On 16th October 2017 The company expanded its business in property development and logistics under ST Property and Logistics Co., Ltd. (“STPL”) (a wholly owned subsidiary of the Company) to operate property development and logistics. Currently, there are 5 real estate investment projects, which are Lamlukka District Pathumthani Province, Bang Pa-In District Phranakorn Sri Ayuthaya Province, Bang Bo District Samutprakan

Province, These 3 warehouses with office for to store products and carry out logistics activities. In year 2019 has invested in office buildings and community mall at Prakhanong Sub-District Klongtoey District Bangkok. The company has also expanded its investment to land on Bangna-Trad road for expanding to built-to-suit project for customers in the logistics in particular.

Fill Up Network Co., Ltd. ("FILL UP")

On 9 November 2018, the company has jointly invested in establishing for Fill Up Network Co., Ltd. by holding 70% with Central Oil Group Co.,Ltd. (Not related to the Company), holding 30%. Fill Up Network Co., Ltd. operates the trading business of fuel oil thru automated gas station.

On 28 December 2020, the Company acquired 30%of the ordinary shares of Fill Up Network Co., Ltd. from existing shareholders of Central Oil Group Co., Ltd. (CTG). Therefore, the Company own 100% shares in Fill Up Network Co., Ltd.

The Company now decides to stop more investment in Fill Up as the operation and marketing performance could not be meet the target.

ST Hill Co., Ltd. ("ST HILL")

On 28 June 2019 ST Property & Logistics Co., Ltd. (a wholly owned subsidiary of the Company) acquired 6,000,000 shares of the ordinary shares from existing shareholders of Boutique Prakhanong 1 Limited ("BPKN1") which are 100% of total ordinary to operate community mall for rent under the project named "Summer Hill"

ST Hub Co., Ltd. ("ST HUB")

On 28 June 2019 ST Property & Logistics Co., Ltd. (a wholly owned subsidiary of the Company) acquired 6,000,000 shares of the ordinary shares from existing shareholders of Boutique Prakhanong 2 Limited ("BPKN2") which are 100% of total ordinary to operate office buildings for rent under the project named "Summer Hub"

Cannatory Co., Ltd. ("CAN")

On 22 June 2021, Cannatory Co., Ltd. ("CAN") (a wholly owned subsidiary of the Company) was established to conduct a study on investment in hemp business.

KTBST Mixed Leasehold Real Estate Investment Trust ("KTBSTMR")

On 29 October 2021, the Company and STP&L invested in KTBST Mixed Leasehold Real Estate Investment Trust representing 8.15% interest and 19.90% interest, respectively. As a result, the Company's shareholding in KTBSTMR is totaling 28.05%, and KTBSTMR is treated as an associated company. During November and December 2021, the Company invested addition 1.03%, thus as of December 31, 2021, the Group held 29.08% of the total trust units sold.

1.2.2 Information on products and services

Core Business of STP&I can be categorized into 4 main areas:

1. Engineering Service: The Company provides engineering services for detail design of steel-to-steel connection, shop drawing for steel structure, spool drawing, and erection drawings by various specialsoftwares. All the engineering works are performed by the in-house professional and experienced engineers.
2. Fabrication: The Company provides fabrication services and has the capability to fabricate steel structure and pipe spool in workshop which equipped with state of the art equipment and CNC machines to ensure the high quality & efficiency of fabrication processes, including the cost effective.
3. Construction: STP&I's construction works include Steel Structure, Piping and mechanical equipment installation and erection for various manufacturing plants. The Company performs constructionworks at the client's project site and also module construction at the Company's facilities prior transportation to the client's project site.
4. Dismantling: The Company provides service of dismantling all kinds of heavy structures and equipment in the oil & gas industry particularly offshore structures such as offshore platform, offshore pipelines, offshore petroleum storage facilities,including equipment used for exploring, manufacturing, maintaining, transporting, selling or distributing petroleum. The Company's dismantling yard is located within the are of Laem Chabang Port.

Company's Products can be categorized into 3 groups.

1. **Steel Structure**

Company provides the fabrication and erection of Steel Structure made from steel plates and steel sections which procured from both domestic mills and import from overseas. Main products are the heavy fabricated structure such as.

- 1.1 Steel structures for the medium-scale and large-scale industrial plants such as gas separation plant, power plant, oil refinery and petrochemical plant, etc.
- 1.2 Steel Structure for building such as high-rise building, airport terminal and roof structure.
- 1.3 Steel Structure for infrastructure such as bridge, elevated road, railway, etc.

2. **Piping:** STP&I has expertise in piping fabrication which are essential parts in the production process of industrial plants such as power plants, oil refineries, petrochemical plants, offshore process plants, etc.. The pipe spool fabrication is carried out at the Company's facilities, then the semi-completed products will be transported to the project sites for installation. Company supply pipe spool for various projects both in Thailand and overseas.

3. **Module:** STP&I expands its business to Process Module assembly. The Company's assembly yard location is nearby the sea port which is convenient for the transportation by sea of the large module to the project site in both domestic and overseas. Module is a large-unit structure comprises steel structure, piping system, equipment such as boiler, pressure vessels, machinery, includes electrical and controlling system for various industries. Module mostly used in both onshore and offshore construction such as oil and gas platform or large projects that have limitation on working area or high labor cost or time constraint.

Market and Competition

Competitive Strategy

In order to compete in domestic market and international market, Company has policies and plan to focus on the improvement of production capability and human resource development continuously to cope with the high competition market situation. Since most of the projects are mega projects with high value and high complexity, so the Company's production process has to be adjusted and improved all the times to suit with the requirements of each project. The Company's personnel must have skills and are capable in the area of steel fabrication and construction. New Technology and modern equipment are invested in order to achieve the high quality products and the on-time delivery. During the past 46 years, Company has strengthened its competitiveness by the following strategy:

1. Products with high standard quality and safety

Most of the Company's products are used as key construction components of the large projects for such a power plant, oil refinery, gas separation plant, petrochemical plant, bridge, terminal building, railway system and industrial factory etc, Therefore, the quality of product is essential and very important.

Not only the quality of products, the Company realizes the importance of social responsibility and also pays attention to the safety health and environment conditions during work process and oil around which may affected to either the company's persons and the third parties. This is in line with the needs of most domestic and international customers in currently who concern and give precedence to the health, safety and environment. The Company aims to improve the workplace environment in order to less the accidents during the work process. The Company has tried the best to maintain good safety records for the working hours without loss time injuring accident and to satisfy and acceptance by the customer.

The Company's products have been recognized by many well-known international institutions and customers as follows:

1. ISO 9001:2015 Certificate for Fabrication of Steel Structure and Piping (since 2009).
2. JSA Grade "H" Certificate from Japan Steel Structure Appraisal Center for export the steel structure to Japan
3. ISO 45001:2018 Certificate for the Occupational Health and Safety Management system
4. ISO 14001:2015 Certificate for the Environmental Management systems
5. Certificate of Appreciation for the exceptional safety record of 49 Million and 60 Million Man-Hours without any Lost Time Injury (LTI) for Pluto LNG Project and Ichthys Project respectively.

With the above certificates and recognition the Company gain the trust of customers, helping to raise the level for the Company to be able to compete more internationally which could be realized from the achieved projects all over the world by company.

2. Hight Capacity

Company is able to design and manufacture various types of steel fabrication work according to customer needs with a high production capacity of approximately 100,000 – 115,000 ton per year and having sufficient and appropriate facilities equipment and machinery enable Company the ability to undertake large-scale projects. The current facilities of Company are as follows:-

- 1) Choburi Plant, located at 69 Moo 3, Khwaeng Klong Tamru, Amphure Muang, Chinburi. Total area 56 rai.
- 2) Rayong Plant, located at 45/10 Moo 4, Banlang-Nhongbon Road, Khwaeng Nikon Pattana, Amphur Nikon Pattana, Rayong. Total area 48 rai.
- 3) Sriracha Plant, located at 389/34 Moo 4, Tambon Nhong Kham, Amphur Sriracha, Chonburi. Total area 54 rai,

- 4) Laem Chabang Assembly Yard, located at 48/1 Moo3, Tambon Tungsukhla, Amphur Sriracha, Chonburi. Total area 308 rai.

3. Good Location

Since the company' s facilities are located nearby the industrial zone and deep sea port in Chonburi and Rayong province, this is an advantage for the Company that has a low cost of transporting workpieces from Company' s facilities to the project site in Chonburi or Rayong zone, Also the Company's Module Assembly Yard is located at the Laem Chabng port and able to carry out large structure module for export by ship effeincely. The location of all facilities are also in the source of skilled labor that will support the Company's large-scale projects as well.

4. Technology

Company has modern tools, equipments and machines which included the new CNC (Computer Numerical Control) machine for the structural steel fabrication. These machines have been installed at Chonburi and Rayong Plant i.e. Beam Cutting and Drilling machine, Plate Auto Cutting machine, Band Saw machine and Fiber Laser Cutting machine etc. Company also has the Auto-Line Process of Pipe Spool Fabrication and the new Pipe Cutting shop equipped with CNC Pipe Auto-Cutting machine at Sriracha shop. Company has periodical maintenance plan for those tools, equipments and machine to always have good performance.

Company utilizes the engineering software in the design, shop drawing, planning and production process to achieve the high efficiency of working process starting from design, shop drawing, measuring, cutting, drilling, and welding. Company also continue improve of inhouse-software for production control system for the control of the entire production process start from the engineering database, material control and all processes of fabrication, erection and assembly work as well as quality control until the delivery to customer. This makes it possible to coordinate and follow-up both internally and externally according to the Company's complete database system and can be used to report or to make decision effectively.

5. Existing Customers Base

The Company has the customer base who are the most leading main contractors and wellknown companies and has been doing business together continuously from the past untill the present. This is one of the most important marketing support that the company able to receive a good chance to continuously receive the enquiries and orders. Those customers are such as Chiyoda Corporation, JGC Corporation, Kellogg Brown & Root (KBR), Bechtel International, Wood (Foster Wheeler),

Mitsubishi Heavy Industries, Taisei Corporation, Nippon Steel Engineering, JFE Engineering, Alstom (Bombardier Transportation), Technicas Reunidas, Chevron, etc. In addition to the projects which contacted by the existing customer, as well as by the past record of projects that has been exported to various foreign countries, enable Company to be known and contacted by new customers. This is an opportunity for the Company's core business expanding to the new customers such as Petrofac, Saipem Engineering, TechnipFMC, Fluor, Samsung, McDermott, PTREP etc.

Customer Characteristics and the Target Customer

Company's customer can be categorised into 2 groups who located in either Thailand or overseas. The proportion of those two groups vary year to year depended on projects on hand which executing during that period. Those 2 groups of customers are :-

- 1) The customers who are the main contractor and private company which both domestic and overseas. This customer group directly receive the contract from owner and then partially subcontract to the subcontractors. STP&I is one of their subcontractors. This group includes Chiyoda Corporation, JGC Corporation, Kellogg Brown & Root (KBR), Bechtel International Inc, Wood (Foster Wheeler International Corporation), Taisei Corporation, Obayashi Corporation, JFE Engineering, Nippon Steel Engineering, etc.
- 2) The customers who are the owners includes the private company such as the entrepreneur of the power plant, airport terminal, oil refinery, petrochemical and industrial plant.

Sales and Distribution Channels

The Marketing and Estimation Department of Company is responsible to serve and contact customer directly for the enquiry of the project that under bidding and also request for the bidding documents such as drawing and project specification for estimation and submission of proposal to the customer. Following above, the contact channels from those customers can be summarized as follows;

- 1) From the existing customers base who trust the reputation and quality of the Company. The contacts that received from these group customer shows that the customer is satisfied with the performance of the Company which helps the Company to get orders continuously. They also introduce Company to other new customers as well. The existing companies includes the owner of refinery, gas separation plant, petrochemical plant and energy business.
- 2) From the new customers who were introduced by the existing customers, consulting company or entering through the Company's web site as well as from the past record of projects that have been exported and installed at their countries.

3) From subsidiary, associated and related Company, partner or jointventure that conducts continuous business with the Company, therefore contributing to supporting in finding customers for the Company

4) Via Company's Agencies in overseas who has a network of relations with the main contractor or the owners.

5) Via Representatives of government agencies in overseas introduce to the investors of those countries.

Proportion of Sales (Domestic - Export)

The Company received contracts for both domestic and export projects, mostly from export projects. However, during 2020-2021 a major export project has been temporarily suspended, resulting the proportion of revenue from domestic project is higher than usual. In 2020, 42% is for export and 58% is for domestic. While year 2021, the main portion of projects is for export which is 58% and 42% is for domestic. Therefore company expects that the export project will be still the major portion of projects which will be executed in year 2022.

Competitive Review

Industrial Competition

1. Local Competition: Competitors for the projects that Company is focusing are quite limited because of the size of these projects are large and demand high standard of quality and safety. Especially for module fabrication, there are four companies in Thailand who have module assembly facility. Two of four companies focus on the offshore platform fabrication whereas STP&I focus on onshore module fabrication,
2. International Competition: STP&I's overseas competitors consist mostly of domestic fabricators in each project's country and steel fabricators within the Southeast Asia region such as Malaysia, Indonesia and Korea, and China. The Key success factors are quality, safety and on-time delivery.

STP&I's Company Status and its Potential

With an annual steel fabrication capacity of 100,000 – 115,000 tones of per year, STP&I is one of the largest steel fabricators in Thailand. Company is able to support the projects in both the domestic and overseas market. STP&I has adopted Quality Management Program in accordance with the International Organization for Standardization System Level ISO 9001 : 2015, and JSA Grade "H" to ensure quality control and meet customer's satisfaction. Company has also adopted ISO 14001:2015

and ISO 45001:2018 for Health, Safety and the Environmental Management system. All assigned projects, as a result, are always completed on time and fully met the requirements of STP&I's customers. These professional services has strengthened STP&I reputation in both the domestic and international markets.

Additionally, STP&I is the leader in exporting modules and fabricated steel structure & pipe to customers worldwide. The Company received BOI privilege which allows STP&I the benefits of corporate exemption STP&I also gets exemptions on VAT and Import Duty of Imported Material. These privileges have contributed to the competitive advantages for STP&I to effectively compete with other steel fabricators within the region.

Number and Name of Competitors

The competition in fabrication business at present is moderate due to the investment in energy industry, petrochemical industry and offshore work are mostly large size and high value The quantity of steel structure fabrication for use in such industries has a large amount and required many fabricators in the project. Therefore, there is competition in terms of price, quality, safety and on-time delivery therefore the potential subcontractors who are qualified to the project requirements is limited.

In the steel fabrication industry which used for construction , Company has domestics competitors that engage in the same business such as Thai Heerick, MCS Steel, Vissawakij Pattana and Vattana Paisan Engineering, etc.

For module fabrication, there are companies in Thailand operating similar businesses including CUEL Ltd, Tha-Nippon Steel Ltd, BJC Heavy Industry Public Company Ltd, and Bestech and Engineering Public Company Ltd, However, the Company's major competitors are overseas fabricators in Asia such as China, Korea, Malaysia, Indonesia, Phillipins and the countries in middle-east.

For piping pre-fabrication, most of Thai fabricators focus on the domestic project while Company's focus is mainly on overseas projects which are larger project or the module projects which piping are major components of modules.

Industrial Outlook and Competition in the Future

As of the beginning of 2021, Company has had the opportunity to participate in bidding for several projects for the LNG plant and petrochemical industry plants in many countries such as USA,

Canada, Singapore and Australia. During the year 2021, the oil and gas's price are fluctuated from many factors, also the coronavirus (COVID19) pandemic were still concerned especially in USA and Europe effect to the delay of investment in the business which related to oil & gas and petrochemical plant from the original plan.

However, the Oil & Gas price began to uptrend at the end of 2021 and also the recovery of COVID19 situation, many projects which Company submitted the bid have only temporary suspended and some delayed but still high possible to resume and prepare for the approval of Final Investment Decision (FID) or Notice to Proceed from the owner which expected to be approve in 2022 or in a couple years. Therefore, it is a good trend for the announcement of bidding projects during early 2022.

The Chemical & Refinery Plant project in Singapore which has been suspended by customer during 2020 was resumed to start again at the end of 2021 to continue the fabrication and installation work in 2022 to 2023. Moreover, the Company has also has a project for Thai Oil Refinery, which has been started since 2020 and to be continued until end of 2022. Another project is the LNG project in USA in which the Company perform only scope of fabrication of steel structures for 3 years period starting from the beginning of 2020 until end of 2022. During 2021, the Company also participated in bidding for many other projects in USA, Europe and Australia which will know the results around after middle of 2022 onwards.

Company will continue to focus on the De-commissioning of Offshore Platform especially the concession platform in the Gulf of Thailand, which must begin decommissioning according to the concessionaire's plan and the Department of Mineral Fuels' plans for many platforms in year 2022. The Company is a licensed factory operator and has facilities to support this type of work while there are still few competitors compared to the number of platforms to be de-commissioned. Company has also participated in bidding for many platforms. There is a good tendency to receive this kind of work continuously. The bid result will be known around beginning of 2022.

In 2020-2021, the Company still has the opportunity to receive the infrastructure project for both local and export such as railway system which is another type of work that is a good opportunities together with the expansion of the future development of public utilities.

In addition, the Company is also looking for other business opportunities, beneficial to society and able to generate recurring income for Company in the long term.

Supply of products or services

Production Capacity

Since year 2009 onward the Company has production base at 4 locations included Chonburi Fabrication Shop, Sriracha Fabrication Shop, Rayong Fabrication Shop and Laemchabang Assembly Yard. The maximum production capacity of steel structural fabrication, pipe fabrication and prefabricated factory (Module) is approximately 115,000 tons / year (depending on the size of work pieces and working area). The Company utilized 35% of the company's total production capacity in year 2021.

Production Process

Once the customer has awarded the project to the company by received the signed contract. The company will starting work from engineering work by received design drawing from the customer to generate detailed drawings from the engineering computer program. The production department will carry out production planning, including procurement of main raw materials, such as steel, welding rods, paint and other consumables, etc., and coordinating with the customer to receive free issued materials provided by the customer. The production department will prepare cost budget for cost control and execute labor sourcing in order to the manage production smoothly according to the plan and always make good coordination with customers.

The production process start from steel raw materials cutting, drilling, assembling, welding and the final step in coating the workpieces respectively, including the assembly of various workpieces and necessary equipment. Each step of work is required the experience of skilled worker to complete the work on time and least amount of errors. This production process is under quality control by production section and quality control section that must be coordinated all the time and the quality of the products must be managed according to various standards which address details in the topic of Market and Competition.

Production Policy

The company has a policy to produce products that meet the quality standards specified by the customer and must deliver them in accordance with the schedule promised to the customer as well as taking into account the safety, health and working environment of employees, which is important, along with efficient production. The engineer team who manage the project must also control production costs within the estimated budget.

Material Sourcing

The Company's business is steel structure fabrication, therefore 85% of the total raw material is steel, which is steel plate, steel section, and pipe & fitting. Other important components of 15% of all raw materials are electric cable and electrical equipment, insulation work, grilles, fasteners such as screws and nuts, etc.

In considering procurement of raw materials, the Company and customer will mutually identify the scope of materials supply during the bidding process and before the contract signing into 2 cases as follows;

1. In the case where the customer is supply the raw material such as steel plate, section steel, and steel pipe and equipment, etc.,. The company will carry out the process of material receive by checking quantities and qualities, using in production and reconcile balance to customers including comply with process of the Board of Investment (BOI).
2. In case the company is supply the raw materials, the company will conduct preliminary price checks from the suppliers to determine the selling price of each project. When the contract is signed and the operation starts the company will generate a plan for raw materials supply by preparing a project budget which contains budget items for purchasing raw materials. To select vendors and issue the purchase orders (PO) to each supplier, there are comparison of price and term, quality, delivery as per project specification with at least 3 suppliers from manufacturers or distributors both local and outside the country. Since the beginning of the project, the procurement department will periodically assess the situation of the raw materials price and the price trend in order to monitor with the budget of the project. The Company will negotiate with sellers to fix the price for the whole project or at least 6 months. In some cases, the company may consider 1-2 supplier/vendors for each material in order to reduce the price risk that might be fluctuated and continuously supply (no shortage).

Material Suppliers

The main raw material use in the company have detailed as followings.

1. Hot Rolled Steel Plate is steel with chemical composition according to industrial standards and rolled into a plate or sheet during heating process. Use of steel structure fabrication are for buildings, bridges, ships, oil storage tanks, pressure vessels and other structural work. The material are divided into 4 types: steel coil, steel plate, steel strip, and steel sheet., there are approximately seven (7) main local producers with a combined annual production capacity of approximately 10 million tons and the abroad producers including Japan, Korea, China and the European countries.
2. Steel section is steel that is produced with different shapes for use in construction work. It can be divided according to the production process into 2 types: Hot Rolled Section Steel, namely I, H, T, U, L, shape etc. and Cold Rolled Section Steel mainly produce as C shape. There are approximately eight (8) domestic producers of this type of steel with a combined annual production capacity of approximately 2.0 million tons. Some items have been import from oversea manufacturers such as Japan, Korea, China and the Middle East and Europe.
3. The Steel Pipe & Fitting such as round pipe and square pipe, as well as various fitting such as elbow, three-way joint, reducer, flange, etc. are manufactured from abroad because the domestic suppliers are not able supply such type, grade and quality in accordance with the requirements of project specification. It is

imported from overseas manufacturers or sellers such as Japan, Korea, China and European countries as well as import through a local agent.

The company have been purchased the main raw materials from manufacturers or distributors both at domestically supply and import from overseas. The major manufacturers or distributors of the Company in the past year are as follows;

Name	Country	Raw material type at distribution	Period of the contact with the company (Year)
1. Mitsui & Co., Ltd. and Mitsui And Company (Thailand) Co.,Ltd.	Thai / Japan	Hot Rolled Steel Plate Steel Section and Steel Pipe	Over 15 Years
2. LPN Plate Mill Co., Ltd.	Thai	Hot Rolled Steel Plate	Over 15 Years
3. Sahaviriya Plate Mill Plc.	Thai	Hot Rolled Steel Plate	Over 15 Years
4. Siam Yamato Steel	Thai	Steel Section	Over 15 Years
5. Best Steel Co., Ltd.	Thai	Hot Rolled Steel Plate Steel Section	2 Year
6. Sumiyoshi Engineering Pte Ltd	Singapore	Hot Rolled Steel Plate	3 Years
7. Thai Metal Import Co., Ltd.	Thai	Hot Rolled Steel Plate Steel Section and Steel Pipe	Over 15 Years
8. Karl International	Malaysia	Hot Rolled Steel Plate	3 Years
9. Sirikl Steel Co., Ltd.	Thai	Hot Rolled Steel Plate Steel Section and Steel Pipe	Over 15 Years
10. Other dealers are Udom Metal Trade (1975) Co., Ltd., Taweechoke Panich Co., Ltd., Chua Phaibul Steel Co., Ltd. etc.	Thai	Hot Rolled Steel Plate Steel Section and Steel Pipe	Over 10 Years

Proportion of raw materials purchased from local and import

The purchase order (PO) have been order both directly from the manufacturer and through distributors from domestically supply and overseas. The ratio of raw material supply from domestic supply and overseas of each project or each year are uncertain depending on material grade, specification of materials which specified by the customer, pricing, delivery time and availability of raw materials in each time. In the past, the raw material used to supply from domestic supplier and from other countries such as Japan, Korea, Middle

East countries and European countries such as England and Germany etc. In year 2021 the raw material had purchased from domestic [manufacturer and distributor](#) is approximately 54% and import from overseas supplier is approximately 46% which majority was imported from the Middle East, Korea and Japan.

The proportion of the raw material (Steel Only) of the company in the last 3 years are as follows.

Raw material	Year 2019			Year 2020			Year 2021		
	Amount (Ton)	Mil. Baht	%	Amount (Ton)	Mil. Baht	%	Amount (Ton)	Mil. Baht	%
Local	5,065	119	53	5,733	141	71	10,328	281	54
foreign country	4,582	141	47	1,158	59	29	8,725	276	46
Total	1,300	33	100	9,647	260	100	19,053	557	100

In the future, if the fabrication projects of the Company are for export, the Company potentially required the order of main materials which are steel plate steel section, steel pipe and fittings from overseas rather than from local. Most of requirement from customer are high grade standard of materials which must be imported from overseas suppliers because domestic manufacturers are not able to produce the steel to meet the requirements or are not able to make competitive prices. The Company has to rely on importation to obtain sufficient raw materials and meet customer requirements. There are many overseas manufacturers and distributors who are able to supply imported raw materials to us which meet the material grade and desired quality which are from Japan, Korea, the Middle East and Europe, etc.

Likewise, if the domestically project which mostly referred to the Thai industry standard, requiring the use of Thai standard steel. The procurement proportion of raw materials is mainly supply from domestic manufacturer or from local distributor.

Operating Assets

(1) Key operating assets of the Company and its subsidiaries

As at 31 December 2021, the Company and its subsidiaries used key operating assets as follows;

Property, plant and equipment

Unit: Million baht

Location	Description	Ownership	Obligation	Net book value
<u>Chonburi Plant</u> 69 Moo 3, Klong-Tamru, Muang, Chonburi	3 plots of Land & Land improvements Title Deed No. 30800, 88862 and 88880 Approximate total area 56 Rais	Own	No obligation	117.7
	6 Plant buildings Total usable area 16,688 Sq.m.	Own	No obligation	12.3
	1 Office building Total usable area 2,610 Sq.m.	Own	No obligation	3.5
	2 plots of Land Title Deed No. 106936 and 7417 Total area 9 Rais	Own	No obligation	11.5
<u>Rayong Plant*</u> 45/10 Moo 4, Banlang-Nongbond Rd., Nikompattana, Amphur Nikompattana, Rayong	7 plots of Land & Land improvement Title Deed No. 1001, 1018 and 32938-32942 Approximate total area 48 Rais	Own	Mortgage with financial institute	42.1
	21 Plant buildings Total usable area 23,562 Sq.m.	Own	Mortgage with financial institute	22.0
	2 Office buildings Total usable area 1,176 Sq.m.	Own	Mortgage with financial institute	2.1

Location	Description	Ownership	Obligation	Net book value
<u>Sriracha Plant*</u> 389/34 Moo 4, Nongkham, Sriracha, Chonburi	1 plot of Land & Land improvement Title Deed No. 7510 Approximate area 51 Rais	Own	Mortgage with financial institute	29.5
	3 Plant buildings Total usable area 10,500 Sq.m., including office building usable area 600 Sq.m.	Own	Mortgage with financial institute	128.4
<u>Laem Chabang Yard</u> 48/1 Moo 3, Sukhumvit Rd., Tungsukla, Sriracha, Chonburi**	Rental area improvement	Own	No obligation	18.1
<u>Lam Luk Ka Office</u> 25 Moo 13, Bueng Kham Phroi, Lam Luk Ka, Pathum Thani	2 plots of Land & improvement Title Deed No. 9438 and 146558 Approximate total area 20 Rais	Own	Mortgage with financial institute *	60.2
	4 Plant buildings Total usable area 3,864 Sq.m. Including office building usable area 1,254 Sq.m.	Own	Mortgage with financial institute *	144.9
<u>Plutaluang</u> Sattahip, Chonburi***	Land held for devepment Approximate total area 932 Rais	Own	No obligation	319.7
<u>ST Lam Luk Ka</u> 21/7 Moo 6, Sema Fahkram Rd., Kookot, Lam Luk Ka, Pathum Thani ****	3 plots of Land & improvement Title Deed No. 40150-40152 Approximate total area 51 Rais	Own	Mortgage with financial institute *	413.1
	Warehouse and factory for rent 12 Buildings Total usable area 31,081 Sq.m.	Own	Mortgage with financial institute *	169.5

Location	Description	Ownership	Obligation	Net book value
ST Bang Pa-in 505 Moo 2, Klongjig, Bang Pa-in, Ayudhaya****	7 plots of Land & improvement Title Deed No. 33617-33619 and 33621-33624 Approximate total area 41 Rais	Own	Mortgage with financial institute *	212.0
	Warehouse and office for rent 4 Buildings Total usable area 45,890 Sq.m.	Own	Mortgage with financial institute *	381.8
ST Bang Bo Bang Phiang, Bang Bo, Samut Prakarn****	10 plots of Land & improvement Title Deed No. 47589-47598 Approximate total area 49 Rais	Own	Mortgage with financial institute *	263.4
	Warehouse and factory for rent 9 Buildings Total usable area 38,000 Sq.m.	Own	Mortgage with financial institute *	253.5
On Bangna-Trad Rd., Km.19, Bang Chalong, Bang Phli, Samut Prakarn	Land held for devepment Title Deed No. 114225 Area 9-2-18 Rais	Own	No obligation	172.1
On Bangna-Trad Rd., Km.22, Bang Sao Thong, Bang Sao Thong, Samut Prakarn	Leasehold rights of land, held for devepment Approximate area 27 Rais (Rights of use asset)	Own	No obligation	306.7
	Others			55.9
Total				3,140.0

Note * The Company and its subsidiaries have pledged land with structures thereon with total net book value as at 31 December 2021 amounting to Baht 1,012 million as collateral against credit facilities received from commercial banks and have pledged land with structures thereon amounting to Baht 1,111 million as collateral against to the performance of the contract with KTBST Mixed Leasehold Real Estate Investment Trust.

** Office buildings at 48/1 Moo 3, Tung Sukla are located on land under lease agreement from Port Authority of Thailand which expird in June 2020. The Company is negotiating with the landlord to extend the term of lease agreements.

*** The Company purchased approximately 1,128 rais of land to expand the business and consolidate the production center, in order to be managed efficiently and support the large future projects. During 2016, the Department of Highways expropriated land to expand the motorway total 196 Rais. The Company is studying on how to use the land in the most beneficial way.

**** A subsidiary purchased lands and property of long leasehold 2 plots in December 2016 and 1 more plot in September 2017. In addition, in 2020 the subsidiary purchased and leased 2 plots of vacant land for the construction of warehouses according to the customer's requirement and for long-term rental in order to increase recurring income to the Group, and such assets are classified as investment properties.

Machinery, Tools, Construction equipment and Assets under construction

Unit: Million Baht

Type of assets	Ownership	Obligation	Net book value
Machinery, tools and equipment	Own	No obligation	167.9
Office equipment, furniture and fixtures	Own	No obligation	22.6
Motor vehicles	Own	No obligation	17.9
Right-of-use assets	Own	No obligation	127.3
Assets under installation and under construction	Own	No obligation	1,443.7
Total			1,779.4

(2) Details of lease agreements

As at 31 December 2021, the Company have land lease agreements as follows;

Land lease agreement with the Port Authority of Thailand, to be used as module assembly yard. The land size is 171 Rais and is located in zone 3.1 of Laem Chabang Port. The lease agreements expired in June 2020, the Company will continue to file for lease extension which currently still in the process.

In addition to the aforementioned long-term lease, the Company has also rent several short-term land plots to expand the module assembly area and lay-down area for raw materials and goods. The current total area is approximately 137 Rais.

A subsidiary has a long-term land lease at Tha Lang Sub-district, Tha Yang District, Phetchaburi Province for the construction of a waste-to-energy power plant. The land area is approximately 167 rais and will expire in September 2044.

The subsidiaries entered into long-term land lease at Phra Khanong Sub-district, Klong Toey District, Bangkok for operate Office building for rent and Community mall. The land area is approximately 2.5 Rais and will expire in 2049 and able to renew the lease for further period of 5 years upon expiration. In 2021, the subsidiaries entered into an agreement to sublease land to KTBSTMR for a period of 30 years.

A subsidiary entered into a long-term land lease agreement at Bang Sao Thong Sub-district, Bang Sao Thong District, Samut Prakarn which is an empty land with high potential for project development as well. It is able to utilize for both industrial and warehouse. The land area is approximately 27 Rais and the lease will expire in November 2052.

During 2020, the Group has adopted TFRS 16 Lease which is effective for fiscal years beginning on or after 1 January 2020. This financial reporting standard requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is low value. Investment properties, Property, plant and equipment as of 31 December 2021 were included rights-of-use assets amounting to Baht 305 million, which were rights-of-use for investment properties Baht 178 million and rights-of-use for Property, plant and equipment Baht 127 million.

● Backlog

As at 31 December 2021, there are 3 ongoing projects which the contract value more than 10% of total revenue for year 2021; detail as follows;

(Unit: Million baht)

Project Name / Project Type / Project Location	Contract value	Estimate delivery date	Remaining contract value
1. CRISP Project / Module Fabrication & Assembly, Singapore	3,691	Oct.23	3,295
2. Clean Fuel Project / Module Fabrication & Assembly, Thailand	1,364	Jun.22	483
3. Golden Pass LNG Export Project / Structural Steel Fabrication, USA	1,680	Nov.22	953

Note: Remaining contract value is calculated from the unrecognized contract value.

1.3 Shareholding Structure of the Company Group

The Company has 9 subsidiaries as follows:

1. STIT Co., Ltd. ("STIT") Operate the business of sales and rental of machinery and equipment for construction and manufacturing industries Engineering services (100% of Holding)
2. STIT 2011 Co., Ltd. ("STIT2011") Operate the business of sales and rental of machinery and equipment for construction industry contractor for steel and concrete works (100% of Holding)

3. STP&I Services Co., Ltd. ("STPS") Operate the business of construction services (100% of Holding)
4. WPGE Phetchaburi Co., Ltd. ("WPP") Operate the business of waste to energy (Electricity, Oil Fuel, and Fertilizer, sell Electricity and consultant on operation a municipal solid waste power plant and selling of electricity, including other related business (60% of Holding)
5. ST Property & Logistics Co., Ltd. ("STP&L") Operate the business of Logistics services and property development (100% of Holding)
6. Fill Up Network Co., Ltd. ("FILL UP") Operate the business of selling Oil from Automated Petrol Station (100% of Holding)
7. ST Hill Co., Ltd. ("ST HILL") Operate the business of shopping center for rent under Project Summer Hill (100% of Holding)
8. ST Hub Co., Ltd. ("ST HUB") Operate the business of office for rent under Project Summer Hub (100% of Holding)
9. Cannatory Co., Ltd. (CANNATORY") Operate the business of hemp products (100% of Holding)

The Company has 1 associated company as follow:

1. KTBST Mixed Leasehold Real Estate Investment Trust ("KTBSTMR" or "REIT"). It is a trust fund under the Trust for Transactions in the Capital Market Act 2007, in which the Stock Exchange of Thailand has received the trust units of the REIT as listed securities, and started trading on the stock exchange effective from November 15, 2021 onwards. As of the REIT establishment date, the Group is a major unitholder of the REIT totaling 28.05% and STP&L acts as the property manager of ST Bang Bo, ST Banp Pa-In, Summer Hill and Summer Hub projects. (As of the REIT establishment date, held by the Company 8.15% and held by STP&L 19.90%)

Investment Policy in Subsidiaries and Associates

The Company establishes investment policies in subsidiaries and associates. The company will invest in businesses that are related to the business operations of the company or support the Company's business or able to generate continuous income for the company. The company will take into account the expected rate of return earned by investors.

For policies for the management of the subsidiaries and associated companies. If a company invests 10 percent of its registered capital and paid up. The Company will send representatives to be directors of subsidiaries and associated companies to jointly formulate management policies. However, Executive Director of the Company, Subsidiaries and Associated Companies There will be a clear separation so that each company's management independently of each other. In the beginning there might be a common use of the executive directors. Until you see that it is suitable for business

However, since KTBSTMR is not a juristic person but it is a trust fund under the Trust for Transactions in the Capital Market Act 2007, which is a specific law. There is Kasikorn Asset Management Company Limited as the trustee of the REIT and KTBST REIT Management as the REIT manager. Therefore, the Company did not send representative to be a director.

Shareholders

List of top 10 shareholders and percentage of shares holding as of 25 March 2021 (par value of Baht 0.25 each)

Name / Group	Number of Shares	% of holding
1. Phatra Asset Management Company Limited (transfer from Minister Anutin Charnvirakul for his asset management)	164,590,285	10.13
2. Best Quality Skills Company Limited	77,880,000	4.79
3. Mr. Yanyong Nitisaroj	67,486,724	4.15
4. Mr. Choavalit Limpanich	64,899,995	3.99
5. Mr. Jirath Tharaphetsawad	63,843,411	3.93
6. Mr. Chavarat Charnvirakul	56,906,765	3.50
7. Ms. Patchsita Pongpittayasiri	47,546,171	2.93
8. Mr. Pratheep Tungmatitham	42,835,800	2.64
9. Mr. Somchai Prapakamol	42,278,781	2.60
10. Mr. Phanupong Kunopakarnphan	35,940,000	2.21
11. STP&I Pulbic Company Limited	26,180,900	1.61
Other Shareholders	<u>934,442,646</u>	<u>57.51</u>
Total	<u>1,624,831,478</u>	<u>100.00</u>

1.4 registered capital and paid-up capital

Company's Equity

- Common Shares

Registered capital and paid up capital as of December 31st, 2021, as follow;

Registered capital	406,209,600.00	Baht
Paid up capital	406,207,869.50	Baht
Common stock	1,624,831,478	Shares
Par value per share	0.25	Baht

1.5 Other types of Company security issuance

1.5.1 Treasury Stock

The year 2015, the Company approved a share buyback program for liquidity surplus management purposes as per the Board of Directors resolution no. 3/2558 dated on 9th September 2015. The summary of the program are:

- On December 2015, the Company has bought back 350,000 ordinary shares (par value of Baht 0.25 each), for a total of Baht 3.1 million (excluding other buyback expense).
- Year 2019 The Company to decrease its paid-up capital amount of 350,000 shares. The Company's paid up capital decreases form 406,295,369.50 Baht to 406,207,869.50 Baht.

The year 2020, the Board of Directors's resolution of the Company no. 3/2558 dated on 9th September 2015 approved a share buyback program for liquidity surplus management purposes The summary of the program are:

- a budget of Baht 1,000 million
- a number of shares to buy back is up to 162,483,147 shares (par value of Baht 0.25 each), or 10 percent of total shares issued
- the shares shall be purchased on the Stock Exchange of Thailand between 3 April 2020 to 2 October 2020
- The treasury shares shall be sold on the Stock Exchange of Thailand from 3 April 2021 to 1 October 2023

On 3 April 2020 to 2 October 2020, the Company has bought back 26,180,900 ordinary shares (par value of Baht 0.25 each), for a total of Baht 120.64 million (excluding other buyback expense).

1.6 Dividend Policy

STP&I prohibits to pay the dividend if the company has deficit in the fiscal year. The dividend will only be paid from the Company's Net Profit and equally paid per share. Our dividend policy is to distribute not less than 30% of the Company Net Profit after Tax and appropriated-statutory reserve to its shareholders. However, the Company may pay dividend less than the rate stated above upon the consideration of overall operational performance, the financial status and also other factors that can affect the company operations in the future. Subsidiaries and affiliated companies have the Dividend Policy to pay the company under their performance each year.

STP&I has paid dividends for the performance of year 2018 - 2020 as per below.

	As of 31 st December		
	2018	2019	2020
Dividend per share (Baht)	non-Issuance of Dividends Payment	0.40	non-Issuance of Dividends Payment
Total Dividend paid (Mil. Baht)		649.93	
Dividend per Share		1.32	
Net Profit (Mil. Baht)		2,151.19	
Dividend ratio (% of profit)		30.21	

2. Risk Management

2.1 Risk management policies and plans.

The Audit Committee reviewed and monitored risk management of the Company's business operations and its subsidiaries to ensure that operation processes are appropriate and efficiency. That process included risk identification, risk assessment in term of probability of occurrence, business environment change, financial risk, interest rate risk, market risk, and operation risk. The Company define policies to protect or reduce those risks consistently both short term and long term. Audit Committee reviewed and agreed that the Company and its subsidiaries have proper business risk management as per the Company's policies and strategies.

The Company has disclosed the full policy on its website. You can see details on the Web link.

<https://www.stpi.co.th/investor-relations-th/corporate-governance/>

2.2 Risk Factors

1. Strategic Risk

1.1 Risks in fluctuations of Income

STP&I's revenues are from steel structure fabrication, piping fabrication and process module which are mainly made to order works. STP&I's income are solely based on a success in getting new project and the uncertainty and delay of the Client's new investment projects will directly effect to our Company's revenue including the gross margin that may be reduced during the Company's revenue is insufficient to cover fixed costs.

However, STP&I aware such risks and has policies to secure the recurring income.

In 2016, STPS acquired ordinary share of WPGE Phetchaburi Co., Ltd. ("WPP") from the existing shareholders. The investment represents 60% of the registered capital. The main business is to operate a municipal solid waste power plant (waste to energy) with installed capacity of 7.9 megawatt and it already signed Power Purchase Agreement (PPA) for 5.99 megawatt with the Provincial Electricity Authority (PEA). This acquisition would support the Company group in expanding its business to a growing Renewal Energy sector which is in accordance with the Alternative Energy Development Plan 2015. In addition, this acquisition is expected to generate long-term recurring income to the Company.

Moreover, in 2017, STP&I expand to the property development and logistic business by established ST Property & Logistics Company Limited ("STPL") and acquired land and buildings, which have had long term lease agreements and could recognize revenue immediately. The acquisition of the asset is a scope extension in new business, which is, to diversify operation risk for earning certain revenue, create an opportunity of gaining additional profit other from the Company's core business, and also provide a sustainable growth to the Company and shareholders.

In 2018, STP&I invested in the community automated gas station business via the newly established subsidiary, Fill Up Network Co., Ltd., to diversify operational risk, increase certain revenue, create opportunity to gain additional profit other than the Company's core business, and also provide a sustainable growth to the Company and shareholders in the long term.

In addition, in 2019, STPL expanded property development business by acquired 100% of ordinary shares from existing shareholders of Boutique Prakhonong 1 Limited and Boutique Prakhonong 2 Limited (currently renamed to ST Hill Company Limited and ST Hub Company Limited, respectively) in order to acquire the leasehold rights of land, office building and community mall which have almost full tenants and could recognize revenue immediately.

In 2020, STPL acquired land and land lease agreement for approximately term of 30 years on Bangna-Trad Road Km.19 and Km.22, which are in the location with high potential for commercial development. In addition, they are purple areas that can be used for industrial and warehouse. Both land are in process of negotiating with the built-to-suit potential tenants and secure long-term lease contract. The Group intend to expand the property development business continuously.

However, STP&I also focuses on Process Module Assembly for LNG plant because LNG is an important world's energy and global LNG trend keeps rising. STP&I's strategy is to uphold its reputation in world-class quality and standard work together with on-time delivery to help maintain continuity of revenue. However, many projects have been postponed from the original plan due to the COVID-19 situation. Therefore, during the next 1-2 years, the Company will focus on small-medium size fabrication works and infrastructure projects (such as railways and equipment). The Company also closely monitor the client and their projects situation to prepare when the project is approved for investments or operating.

In addition, the company also focus on the oil rig business (De-commissioning of Offshore Platform), especially the concession platforms in Gulf of Thailand which many platforms must begin demolition in 2021 according to concessionaire's plan and the Department of Mineral Fuels' plans, The Company has performed the dismantling work for small platforms during end of 2020, and has participated in a number of bidding for de-commissioning work. There is a good tendency to receive this kind of work continuously.

1.2 Risks in fluctuations of raw material costs

The Raw materials used by Company for steel structure fabrication and process module consist of steel section, steel plate and pipe which are affected by the risks of steel market price fluctuations, the Company forecasted that the price of steel section and steel plate from both domestic and Asian and Europe market , thus the company did the long term agreement with the suppliers to maintain the steel price for the whole project period to eliminate the company's risks in price fluctuation especially for the import steel material which are the main portion of raw material. Company sure that they can manage and control cost of raw material for the project and can make some margin, then they proposed to include the scope of supply material especially the steel plate and section to their clients.

Whereas the price of steel pipe especially for piping process which is special grade and has to import only and its trend is still fluctuate and uncontrollable, the company has thus proposed the customers to supply to the Company their own pipe.

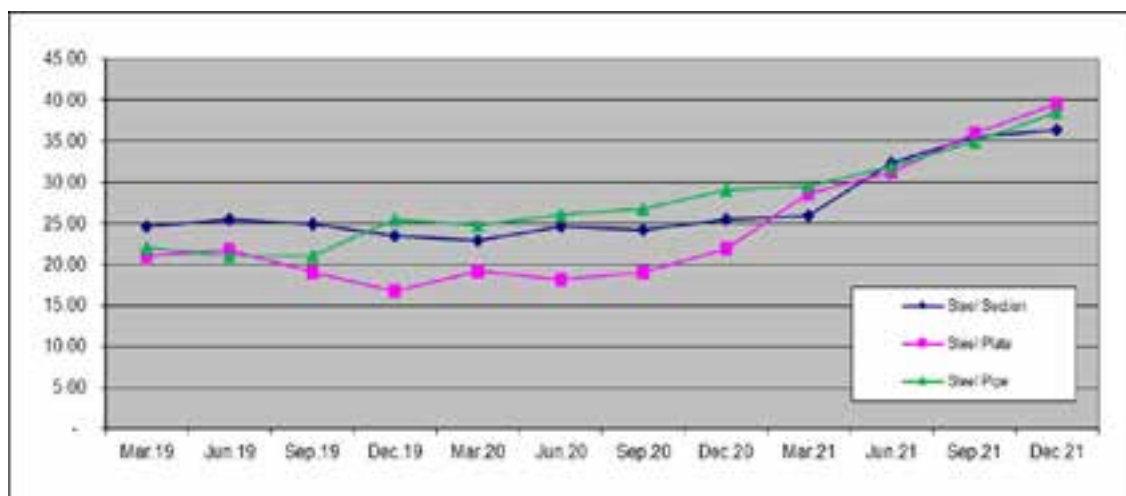
In year 2020, the Company had to be supply the main material to the project as a percentage is 85 % of the total value of whole project . Divided by portion the 27% of total material cost was came from the

section steel, the plate steel and pipe steel portion which is consider on the purchased ratio 71% come from local supplier and another 29% have to imported.

The steel materials which were purchased during year 2019 mostly required the steel grade in International grade. The company had evaluated the steel price situation and its trends from the beginning of projects and compared to the project's budget. Company found that the steel market price in that period seemed in high level and down trend, thus company negotiated with the suppliers to get the best price at time and made the partial order by lot in order to minimize the further risks on price which might be in down trend in the near future. Company had inquired to at least 3 suppliers from both overseas and domestic suppliers for competition and getting the lowest cost for project. Company had continued following and monitoring the steel price situation and could plan carefully for the next purchase order.

The chart below shows price changes for steel section, steel plate and steel pipe from domestic for the last 3 years period.

Unit : Baht / Kilogram



Source: Company Purchasing Report for the domestic rate of Steel Section, Plate and Pipe.

Analysis of the above chart indicates the movement of steel price rate, it was due to the steel price situation in China and also cost of raw material for steel production, from the year 2017 the domestic steel rate per kilogram for steel plate and steel section had increased and a little bit changed for the whole year 2018 until middle of year 2019, however decreased at the end of year 2019 while at the same time the price of steel pipe had fluctuated and much increased at the end of year 2019.

Considering at the end of year 2019 compare to the previous year, the price of steel section had decreased 1.90 Baht/kg or about 7.5% in average from the end of year 2018. The price of steel plate had

much decreased 5.30 Baht/kg or about 23% in average from end of year 2018 while the price of steel pipe which had fluctuated during middle of year 2018 until end of year 2019 and increased 4.50 Baht/kg or about 21% in average from end of year 2018.

In year 2020, the price of plate steel have a slightly increasing trend since 1st quarter until 3rd quarter due to the recovery of the world economics and suddenly the price have been sharply increasing in 4th quarter of the year continue to beginning of year 2021. While the section steel have price a slightly decreased from beginning of the year until almost of the end of year and the price have been sharply increasing in 4th quarter of the year continue to beginning of year 2021 similar characteristic of price trend as the plate steel price, the steel pipe have the price trend increased since year 2019 continually increasing to year 2020. In overall the average of plate steel price had increased from year 2019 compare with year 2020 equally 5.00 baht / k.g. as in percentage is 27.8% , while the section steel price had decreased from year 2019 compare with year 2020 equally -2.00 baht / k.g. as in percentage is - 8.7% and the steel pipe price still continue increasing from year 2019 to 2020 the price was increased equally 2 baht / k.g. as in percentage is 8.0 %.

(Remark: Price of steel pipe may be various, depended on its grade which specified by project requirement and its purchased period. The above steel price based on normal grade which from local suppliers).

The overall steel price in 2020 will not adjust much at the beginning of the year until the end of the year, due to the impact of the COVID-19 epidemic situation, many projects have slowed down construction. As a result, the use of steel raw materials worldwide has decreased significantly. It also resulted in some manufacturers to stop producing some sizes of steel with low demand because they weren't worth producing. The company remains cautious by closely monitoring the steel raw material price situation in order to estimate prices and determine the appropriate timing for purchases.

Until the end of the year, continually to the full year 2021, the price of raw materials, structural steel, sheet steel has continuously increased there may be some periods when the price has dropped slightly. But overall prices remained at highest level if compare to year 2020 the price increased by an average of more than 50. The main reasons to driven the steel market price increase which mainly come form scrap material price increased, and China's economic recovery trend has led to an increase in demand for steel raw materials for domestic production and with the beginning of the Covid-19 epidemic, rolled coil and profile steel manufacturers has taken the opportunity to stop the production line for major maintenance and has a period of 3 - 6 months to operate, causing the overall supply to drop significantly. The company tries to negotiate the price with the steel manufacturer or supplier to maintain the price or eventually price increasing to be the most reasonable in order to minimize cost impact to the project. As

for the list of steel pipes for existing projects, the customer will supply raw materials for production. Therefore, it is rarely affected by a significant price increase.

1.3 Risks in shortage of skilled labor

Due to the impact of the COVID-19 epidemic situation in 2021, it was affecting the company's labor shortage problem because with big number of employees have been infected and have to quarantine during July - August 2021 and some have moved back to their hometown. As a result, it is not possible to find replacement workers in a timely manner in the short term. However, some of the workers have begun to return in late 2021, resulting in higher labor costs to accelerate the work and the implementation of measures to prevent the spread of the COVID-19 virus.

In this regard, the Company has invested more in machines to replace long-term labor and increase work efficiency and get quality of workpieces. Because these machines will be more precise than manual labor. In 2022, the company will focus on developing specialized labor groups to cope with insufficient labor conditions especially skilled workers who have experience in steel structure processing which is the part that cannot be replaced by machines. The Company need to manage and develop the existing workforce to be able to work in more various skills and accelerate the development of new workers to have sufficient skills for the Company's work as well as implementing measures to prevent the spread of COVID-19 to ensure workers have confidence in working with the company. One of the most important thing is to manage the compensation of employees to motivate and work continuously until the end of the project as well as creating confidence for workers in working with companies with excellent safety management systems.

The Company is confident that it can provide enough labor and find more new sources of labor but it may be affected by the increase in costs of labor. However, the said risk is manageable due to our consideration and factor these risks since the bidding process.

2. Operational Risk

Operational Risk is the risk arising from operational processes, work systems, or external events that effect the efficiency and effectiveness of operations covers the risks arising from defects in operating processes that will result in activities in organization is inefficient, including risks related to IT information management and information to achieve the specified goals.

Since the Company has to comply with ISO 9001 standards that is additionally determined by the customer for each project as well. These standards have an annual audit plan by independent

organizations or pre-approved by customers and independent agencies of that project which greatly reduces operational risks, The Company also ensure that all information technology works are overseed by a dedicated team and some outsources with effeiciency and effective.

3. Financial Risk

Financial Risk is the risks related to financial and investment policies and procedures. This affects the operating results and the Company's financial statements, covering the risk that the operating results do not meet the specified goals, including the risk of lack of liquidity, credit, investment or changes in exchange rates and interest rates, and the risk that the counterparty will not comply with the agreed obligations which will cause damage to the organization. The Company has the following risks;

3.1 Risks in foreign exchange rate fluctuations

Foreign exchange rate fluctuations are closely monitored by the Company. To avoid such risks, the Company through the assistance of local commercial banks has adopted the use of Forward Contracts for overseas sales and matching of revenue and expense in the same currency. However, the Company does not buy forward contract for some foreign currency deposits because it was reserved for oversea expenses or oversea investments in future.

3.2 Risks in the policy of allowance for expected credit losses (Doubtful debt)

The Company has policy to reserve the allowance for expected credit losses at the end of accounting period, which is calculated based on the age accrued from the due date for a group of clients with similar types of credit risk. The calculation of expected credit losses takes into account by weighted probability effect, time value of money and reasonable information available at the reporting date of past events, current situation, and forecast future economy conditions.

As at end of the year 2019-2021, the Company has the overdue trade receivables and allowance for expected credit losses as shown in below table. The transaction has been reviewed and evaluated by the Management with an appropriate practice.

Unit: Million baht

As at 31 December	Overdue Trade receivables	Allowance for expected credit losses
2019	29.21	1.35
2020	76.14	6.20
2021	38.47	4.38

4. Compliance Risk

Compliance Risk is a risk arising from non-compliance with laws, rules, regulations, announcements, orders, and guidelines of the Company and of external agencies including that the rules are not clearly defined discretion or interpretation is required. This will result in litigation or complaints covering risks related to compliance, regulations of regulatory bodies and risks related to various laws related to the Company's business operations which the Company has already complied with the specified criteria as usual.

The Company provide construction services and sales mainly under agreement with various customers. When needed and as appropriate for each specific project, the Company also hire subcontractors to perform parts of the work. Although management have reviewed those relevant agreements prudently and have negotiated terms and conditions with best efforts, there could still be risk from different contract interpretation or from customer's exercising of rights reservation to delay payments. If the contract parties could not settle such disputes after several attempts, the Company would then need to seek legal protection under the governing law and as stipulated in the agreement, such as to file petition to the competent arbitration office or court. This process normally lasts some years before disputes could be resolved.

3. Business Sustainability

3.1 Sustainability Management Policies and Goals

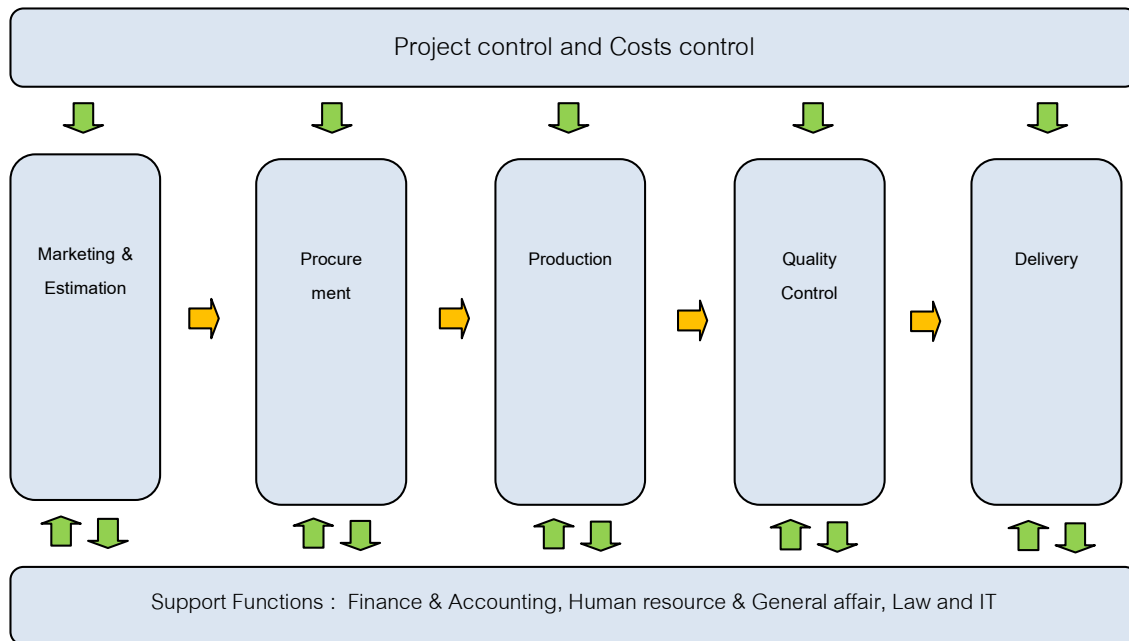
Mission

- The Company provides the highest satisfaction and continuous returns to our shareholders
- The rights of all stakeholders with fair and equitable
- Aiming to provide excellent services.
- Operating the Company with social responsibility on community, society and environment.
- Explore opportunities to new related business for growth and strong profit.

In realizing the rights of all shareholders and all stakeholders, the Board of Director has determined corporate good governance policy for the Executive Committee to conduct business with focus and professional. The Executive Committee was assign to execute, maintain, review and improve the operation compliance with the good corporate governance policy as a listed companies in the Stock Exchange of Thailand.

3.2 Management effect of stakeholders in Business value chains

3.2.1 Business value chains



1. **Project control and Cost control** has responsible for controlling the project performance which included planning, scheduling, control budgeting, reporting project performance compare with the budget, and communicating and managing customer properly. The project control ensure that the project performance will be reported to project manager and related parties in time and will be evaluated for the project manager to implement and improve their performance as quick as it can be.

2. **Marketing & Estimation** has responsible for contacting customer directly for bidding project. In many cases the Company is invited from Customer (Owner) or main contractor to involve in the bidding project. Marketing & Estimation team shall request all bidding information of the works such as initial drawings and terms and conditions in order to evaluate the workload and price for bidding the project.

3. **Procurement** has responsible for considering the sourcing and supply of raw materials for use as a component of the product and other services since the bidding process to production and delivery to customer. Each project the company shall negotiation on scope of procurement which are in 2 cases as follows;

- 3.1 Customer supply main materials (Free Issue) such as steel plate, steel section, steel pipe and equipment. The company has to manage the free issued materials from receiving, maintaining for ready use and reconcile usage for customer
- 3.2 In case of supply main materials by the Company, the company shall collect all quotations of materials from supplier for estimating the project bidding price. When the project starts, procurement shall plan to supply of raw materials and services as per project budget and

production plan. The procurement shall compare price and conditions from suppliers both local and foreign countries.

For importation materials for production and export, the Company shall follow the Board of Investment privilege on imported materials.

4. Production process starts from preparation of engineering drawing, preparation of steel material for cutting, drilling, fitting, welding, coating and assembling all components. Each processes were done by skilled craftman and equipment to ensure that all finished products are in good quality and on time delivery.

5. Quality Control The Company determine quality control under both production section and quality control section by design the quality control and quality inspection at each step of production process. The Company also responsible for quality assurance to ensure the all finished products are standardized as per requirement from customer and compliance with laws before delivery to the customer.

6. Delivery The Company shall delivery products ontime as agreed in the contract and warrant the products after delivery.

3.2.2 Analysis of the stakeholders in the value chain of the business.

Stakeholders	Stakeholders' Expectations	Satisfaction of Stakeholders' Expectations
<u>Internal Stakeholders</u>		
Shareholders	<ul style="list-style-type: none"> ● Good returns ● Good Corporate Governance ● Business continuous growth and strength ● Accuracy, adequate, and transparency of Company information ● Good Risk management system ● Good Audit and Control system 	<p>The Company commit to operate its business with integrity and quality to ensure that shareholders will have a sustainable value benefit by working efficiently and finding an opportunity of investment to continue growth.</p> <p>Respect shareholders' right to receive necessary information with fair. And the Company disclose information with transparency and accurate to shareholders.</p>

Stakeholders	Stakeholders' Expectations	Satisfaction of Stakeholders' Expectations
Board of Directors	<ul style="list-style-type: none"> ● Abide by related law and regulations and the Code of Conduct ● Practice with transparent and verifiable ● Business accomplishment ● Governance business to continue growth 	The Company concerns to corporate good governance by abide by its policy and report a business performance to the Board of Directors for acknowledgement.
Employees (Executive employees, Operating employees)	<ul style="list-style-type: none"> ● Stability and progress in job responsibility ● Fair benefits and salaries ● Proper welfares and safe environment ● Equitably in job's opportunity and career path ● Training roadmap to improve the abilities ● Well atmosphere 	The Company commits to provide compensations, promotions, improving skill abilities, benefit, and fair workplace to ensure that the employees will have a safety workplace, moreover, the Company has always opened for opinions and suggestions from employees and practice with fair and equitable to all level.
<u>External Stakeholders</u>		
Customers (Project Owners, Main Contractors)	<ul style="list-style-type: none"> ● Bidding with fair price and transparency ● Recieving quality products as per requiremnet ● Satisfaction of on time delivery ● Commitment to the agreement with fair ● Products and services guarantee ● Keep confidential information of the customers 	The Company has not only made the customers' satisfaction system to improve its services but equitably treats customers by providing services information to customers with accuracy without mislead information. The customers' satisfaction result will be evaluated for service improvement.

Stakeholders	Stakeholders' Expectations	Satisfaction of Stakeholders' Expectations
Business partners (Raw material manufacturers, Product manufacturers, Contractors)	<ul style="list-style-type: none"> ● Receiving accurate information and on time commitment ● Fairly abide by agreement and payment conditions ● Fair price competition and transparency ● Educate and develop raw material manufacturers 	The Company deals with business partners with equitability and fairness in mutual benefits. The Company develops and sustain relationship among partners by creditability creation through the adherence of procurement regulations as stated in the procurement procedures along with ISO 9001 : 2015
Creditors (Financial Institute, Suppliers)	<ul style="list-style-type: none"> ● Accomplish terms and conditions of the contract ● Transparency business operation 	The Company adheres to the terms and conditions of the loan agreement by punctual to repayment loan and interest to financial institute and to pay the supplier .
Business Competitors	<ul style="list-style-type: none"> ● Fairness and transparency competition ● Exchange information of products, source of raw material, and tools and equipment for manufacturing 	The Company concerns on operating business under a fairness and transparency competition by does not trading secret and infringes on the intellectual property rights of others or competitors.
Community, Social, Environment, Health and Safety (community surrounding plants, overall social)	<ul style="list-style-type: none"> ● Good relationship ● Support community's activities ● Do not harm or hazardous activity to the community and environment ● Commitment to the Human Rights and Anti-Corruption principles 	The Company concerns on social responsibility by abide by law and regulations including cooperate with governmental sectors to operate the company's business with good quality and does not make any damage to community daily life, social life, and environmental surroundings, moreover, supporting the community in life improvement aspects such as educational, energy saving, and environmental.

3.3 Environmental Sustainability Management

3.3.1 Policy and Guidelines for Environmental

The Company realizes the importance of participating in society and environment care to be better quality and conducting different activities to support social development and a sustainable environment. Management approach : The company disclosed "Corporate Social Responsibility" at the company website click on the link <https://www.stpi.co.th/investor-relations-th/corporate-governance-key-summary> as follows:

- Conduct business operation with society and environment concern.
- Intend to reduce and prevent pollution from operating
- Strictly comply with the relevant laws, regulations and related practices.
- Continuouslt develop and improve work standards to comply with environmental standards.

3.3.2 Performance of environment

- The Company is committed to reusing and recycling resources to reduce the amount of waste for disposal by the incineration or landfill.
- The Company has campaigned and instilled cost-effective use of the resources into our employees and personnel by organizing "Reduce Reuse Recycle Campaign Communication". In addition, the company has the management and implementation of cost-effective use of the resources
- The company is still committed to reduce water use with a project plan to use waste water that has been treated as good quality in the green area of the factory and useto fill the firefighting system to replace the use of tap water including reducing waste water from operations.

3.4 Social sustainability management

The sustainability policies and practices of social aspect

The company and the Group Company have policies and labor practices with fairness and respect human rights starting from giving the job opportunity to everyone in order to recruit people to employ in the Group Company The Company provideddevelopment training, a consistent evaluation system for employees. It is believed that continuous development in human resources will increase the efficiency and engagement of the employees, which is a guideline for sustainable mutual success.

Employee Recruitment The Company has established a code of business ethics regarding the principles of respect for human rights, labor practices of employees without discrimination and operations that are legal and following the business plan. Therefore, the Company has planned workforce to support the current and future business operations of the Group Company via both internal and external job advertising, company fanpage in Facebook to open opportunities for those interested in joining the Company and also providing clear information about the corporate and recruitment. There is no sexual discrimination, religion, race, language or physical integrity in any way. The Company has offered fair and competitive benefits that cover both monetary and non-monetary welfare benefits. The opportunity for career growth with the Company depends on performance-based and there is human resource development systematically.

Management Approach The Corporate has an employee development policy to aim every employee to have a high capacity, professional expertise, a good attitude at work, be valuable employees to the Company, social, and the country. Moreover, the Company has determined the career opportunity, benefits, promotion, rotation, potential development as well as maintaining the working environment for highest safety with fair and appropriate

Receiving a Complaint Also, the Company give opportunities to employee to comment, suggest or complain if there are human rights violations by providing complaint channels through the Company's website and/or email to the Chairman of Audit Committee as attached files no.6 Corporate Governance Policy

The Use of Technology in Human Resource Development For long-term development of employee, the Company recognizes the important of using information technology tool to organize human resource management by developing workflow, communicating and sharing knowledge among employees including online meeting, work from home. Furthermore, employees can access to the information and knowledge sharing at any time on database system of the Company through electronic devices which bringing benefits to employee in term of study and continuously develop their competencies.

Employee Training and Development Programs The Company realizes that training is a way to increase workability for human resources within the organization to develop the potential of working efficiently by the needs of the Company. Also, it is a transferable experience to the new employees trained for the next generation. In addition to the general course on the management system that the employees can apply to their work, it still has a training course for employee development aiming at leadership skills and how to be a good manager, etc.

In 2021 Due to COVID-19 Situation, then the company is quite a lot of training restrictions and training has been cancelled. However, the Company still provided courses that were related to health and safety of employees in their work.

Occupational Health, Safety and Environment

The Company value employee safety by announcing occupational health and safety policy and working environment policy to control and monitor to compliance with safety regulations and implement according to the relevant laws including references to standards in occupational health and safety. There are rehearsals and training every year and report the operating result directly to the executive committee as following details.

- Prevent accidents, injuries, and illness due to operations with the cooperation of employees and all contractors as well as limiting and controlling risks in unsafe operations by providing a briefing and checking safety readiness before operating in the area
- Cooperate with government agencies and private organizations to careful suspend emergency and accidents from operations effectively.
- Comply with laws and regulations strictly in regards of safety and implement good safety standards in business operations
- Provide tools equipment to prevent, mitigate and control risks of accident and potential health impacts from operations, transportation, services, as well as guideline for controlling emergencies to reduce losses and injuries.
- Set procedures, action plans, and training including educating employees at all levels to have knowledge, understanding, and sufficient information regarding work safety to prevent danger from work or various diseases which can be applied to their day to day life.
- Provide safety measures for employees and those involved by providing a safe and hygienic working environment.
- Provide training; both theoretical and practical to ensure that work activities are carried out in safety manners. Tools and equipment are utilized and suit for the job type.
- Periodically review health, safety, and environment management policies and ensure that it has been communicated and complied.
- Acknowledge suggestions and comments from both internal and external parties e.q. employees, business partners, communities, the government, and any other relevant parties in order to maintain good standard practices and continual improvement.
- In 2021, with the spread of COVID-19 Measures and guidelines have been issued and management in the event of an infection or quarantine to prevent the spread of the epidemic in the workplace, the Company has organized Factory Isolation in Chonburi Province and follow up with social security in order to obtain vaccination for the Company's employees. The

Company has also provided an ATK examination according to the plan and as necessary and arranging for spraying and cleaning in the company's office area regularly and as needed.

In 2021 , the Group Company has arranged Safety Training courses as Annual Training Plan are as follows

- Safety, Occupational Health and Environment Induction for new staff.
- Safety Officer in Management level.
- Safety Officer Supervisory level
- Safety Committee
- Basic First Aid and CPR
- Fire Fighting and Evacuation
- Defensive Driving
- Skill Training

HSE Performance

Item No	Description	2020	2021
1	Average Employee. (Person)	1,644	1,490
2	Working Hours	4,444,845	4,226,814
3	Number of Medical Treatment Cases (MTC)	13	27
4	Total Cases of Lost Time Incidents (LTI)	0	0
5	Total LTI days	0	0
6	Total Environmental Incident Frequency (TEIF)	0	0
7	Significant Spill Incident Frequency (SSIF)	0	0
8	Total Recordable Incidents Rate (TRIR.) per 200,000 Hrs.	0.58	1.28

The Company has determined measures to reduce the sick leave caused by diseases to achieve the goal of the sick rates continuously.

- Eliminate insects within the office that may be carriers and causes of spreading on a monthly basis.
- Provide basic medicine for first aid and provide a jel alcohol for staffing

- Provide Disinfectant spraying in working areas on a monthly basis.
- Provide annual health check-up and encourage employees detected abnormal health to see a doctor for treatment and rehabilitation before the effects are worse.
- Provide health insurance and life insurance for employees, which cover treatment for outpatients, inpatients and accidents and life insurance
- Encourage employees to join together in the form of a health club to organize health promotion activities outside of work hours, such as fitness etc.

From social sustainability management, in 2021 the Company has no substantive disputes involving employees and workers.

Social Responsibility

Performance of the Company to stakeholders and the awareness on the communities around the plants

- Assign a team to monitor and ensure quality of environment and safety in factory to undertake continually and closely with the nearby community
- Provide knowledge and organize training for staff, community, students, and other interested people to gain knowledge of the company's business operations
- Support employment of full time and temporary employees from surrounding communities based on knowledge, skill and profession in order to stimulate employment as well as develop skill

Corporate Social Responsibility

The company conducts business with responsibility to community, economic and environment, adhering to principle of corporate good governance. The Company has a Corporate Social Responsibility Policy which call for balancing respectful treatment and development among all stakeholders.

“**Stakeholders**” mean employees, directors, shareholders, partners, customers, consumers, suppliers, creditors, debtors, community nearby and community in a remote area, natural environment, government, government agencies, the Country, including other related parties, Stakeholders who could be affected from the Company's operation. And also, it could be affected directly or indirectly to the company, therefore, there will be 2 groups of stakeholders as follows:.

1. **Primary Stakeholders** – Related parties who involve directly to the Company's business such as client, partners, supplier, employee and employee's family, shareholders, investor, debtor and nearby community. .

2. **Secondary Stakeholders** – Related parties who involve indirectly to the Company's business such as government, government agency, association, professional, Non-Profit organization, potential client, potential candidate, other communities.

The Company has a policy on Social Responsibility which is in line with the Corporate's policy and Corporate Good Governance

1. Conduct business with integrity, transparency, fairness, and traceability for the growth of the Company together with the development of well-being of employees, communities, society, environment and all other stakeholders.
2. Promote and educate on humanity and environment to all level of employees in order to define the guide of improvement and sustainability responsibility of society and environment.
3. Promote to set up an activity that related to social responsibility to society and environment by using the Company's existing resources to success with cost effectiveness and efficiency.
4. Extend their collaboration and promote staff members to fulfill these policies successfully

The Company Social Responsibility

The Company social responsibility is in line with the business operation or activities that create value to the Company and to the society. The value added will be benefit to shareholders and all stakeholders and also increase the Company's competitiveness in term of productivity. In addition, it also create the good relationship among stakeholders which enable to sustainable growth to the Company. The Company has conducted the Company social responsibility as follows:

1. Our management and engineer realized that we work professionally under the agreed contract for client by producing the process of work and product as per client's requirement on engineering specification, related standards of both local and exported foreign country. We ensured that consumer use our product safely which is our standard of work. Moreover, the safety record of our working time without loss of injury.
2. The company has complied to the agreement and condition to our client with international standard. The company also has a policy to keep the confidentiality of client's information. The Company will not public and not take advantage on the client information.
3. The Company concentrate on the limitation of resources and duty to protect the environment therefore the Company has evaluate and examine the quality of air, sound, waste water, and dust every year.

4. The Company has been certified for ISO 14001: 2015 Environmental System Standards and has committed to set and comply with environmental standard requirement to ensure that there is no environmental impact to related parties. The Company has continuously improved monitoring standard, such as environmental quality measurement campaigns for employees to be aware of the use of office materials appropriately, reuse of paper, turning off lights, air conditioning and the computer during the lunch break, replacement of fluorescent lamps with LED, waste management etc. All these activities will help save the unnecessary expense and conserve natural resources as well.
5. The Company has communicated awareness of the proper use of tools, machinery and equipment as per instruction manual, training before use, and ensure that preventive maintenance with regular inspection are applied. The Company has training to develop our staff competency in order to having a career path and promotion efficiently. And to ensure that all employees are treated fair and proper decision.
6. The Company has training to develop our staff competency in order to having a career path and promotion efficiently. And to ensure that all employees are treated fair and proper decision.
7. The Company realized that the well-being of employees physical health by providing an annual health check every year
8. The Company has been certified for ISO 45001:2018 Occupational Health and Safety standard. which emphasizes on management to reduce the risk that shall lead to injury and illness. This can mitigate hazards and risk which might affect health and welfare of employees. The Company believes that if employees work safely, they shall return home safely as well.

Anti-Corruption

STP & I Company Limited (Thailand) conducts its operation with fairness, transparency, abide by the rules and regulations to all stakeholders properly. The Company has established policies against corruption to guide the duties of directors, management, employees and stakeholders which had been informed to them.

The Company has disclosed the full policy on its website. You can see details on the Web link.
<https://www.stpi.co.th/investor-relations-th/corporate-governance/>

1. Anti-Bribery and Anti-Corruption Policy

The company's board of directors, management, employees, subsidiary or other companies which are under our supervision, must strictly adhere to the Anti-Bribery and Anti-Corruption Policy in order to ensure that they will accomplish their duties with integrity and refrain from direct and indirect bribery or corruption of all sorts. The company has emphasized the policy across all areas of the company's operation,

as well as to comply with the applicable laws, regulations, notifications, ruling and requirements relevant to business operation. In this regard, the company will not penalize those who refuse to take bribery or corruption although such action would cause the company to lose business opportunity.

2. Definition

The company has declared the definitions that explain the Anti-Bribery and Anti-Corruption Policy as follows;

Dishonesty : To do an act in order to procure, for himself/herself or the other person or the company, any advantage to which he/she is not entitled by law.

Corruption : The exercise of power in office or in the course official duty with a view to acquiring undue benefit for his/her own or for other persons or for the company.

Bribery : The act of giving or receiving property or any other benefits for the purpose of influencing the action of proceeding, not proceeding or postponement of his/her public or legal duties.

Hospitality Expenditures : The expenditures for the reception or hospitalization of any person who deals with the company by occasion, tradition or as a desirable social manner, including the cost of food, accommodation, hospitalization (such as transportation fares, visiting cost, etc.).

Gifts : Money or object which is transferable to money (such as gift card, voucher, cashier's check, etc.) or stuff or privilege (such as discount, premium, etc.) being handed between the company and those dealing with the company by courtesy, tradition or as a desirable social manner, such as gift, hamper, flower basket, calendar, stationery, sampling product, souvenir, etc.

Donation : The giving of money or object or any other benefit to a public or private agency or to a juristic person or an individual to serve the charitable purpose for the support of society, religion and education, such as a donation of money or objects to victims of a natural disaster, donating money to foundations or a donation of lunches to underprivileged students, etc.

Political Contributions : Contributions made in money or other forms of assistance with the aim to support political activities. Financial contribution also covers the giving of loans. Other forms of assistance vary, such as the giving of objects or the provision of a service, an advertisement aiming to promote or support a political party, the purchase of tickets to specific event held to fund or collect donation for an organization that is close to a political party. Moreover, letting employees leave the job without paying a salary or allowing employees to represent the company in the participation of political campaign are included in the terms of political contributions.

3. Procedures

The Company has determined practices which relate to high risk issues that could lead to misconduct, corruption and bribery with respect to encourage the directors, executives and employees, as well as subsidiary or other companies under our supervision to operate with utmost caution.

3.1 Receiving or Offering Customary Gifts, or other Benefits

To operate the company's business that related to biddings other projects, procurement, communicating business, or any other related company's business transaction in both public and private sectors must do with fair, transparent and verification. The company realized the importance of any act that might result in improper influence including receive or offer customary gifts or other benefits that might cause any bribery and corruption.

3.2 Offering Sponsorships or Charitable Contributions to Public or Private Sectors

Offering sponsorships or charitable contributions to both public and private sectors must strictly do with transparent that did not contrary to the morality, code of conduct, and abide by laws and regulations of the company. The offering sponsorships or charitable contributions as the foresaid can be done after the approval of the original affiliation.

The offering sponsorships or charitable contributions to public or private sectors must not be used as a subterfuge or route for conflict of interest in both individual and company's benefits and must not be used as a subterfuge for bribery and corruption.

The approvals of offering sponsorships or charitable contributions to public or private sectors must strictly adhere to the regulations by writing the report attached with the offering sponsorships or charitable contributions payment for approvals and submit all related papers to the Management for considering process.

3.3 Political Participation

The company is a politically neutral organization and does not support any political parties or politicians including enabling the Board of Directors, Executives and employees not to participate in any act under the name of the company.

The company realizes that it is righteous of its people according to the liberty and rights in participating the political activities; therefore the company encourages its people to exercise their political rights in compliance with laws but prohibit using employees' status or using any company's assets as a subterfuge or route for any form to political participation or political contributions in the name of the company.

To express and giving political opinion in the company's office or job site area is penalty to the company's association.

3.4 Whistle blowing for Business countering Bribery

The company supports its personnel to report any misconduct or non-compliance or any form of action that might result bribery by sending their enquiries to managers or other channel that open for this matter. The company has whistle blowing and whistleblower protection policy as stated in the good governance chapter. The additional complaints channel for whistle blowing as follows;

Corporate Secretary

STP&I Public Company Limited

3rd Floor, Sino-Thai Tower,

32/24 Sukhumvit 21 (Asoke) Road,

Klongtoey-Nua, Wattana, BKK 10110

E-mail: contact@stpi.co.th

Tel: +662-260-1181

Complaint-Making and Whistle-Blowing Process

1. If one comes across a violation of the laws, regulations, corporate governance principles, code of conduct, Company's policies or regulations, as well as suspected corrupt practices by Company's directors, executives, or employees, one can file a complaint through designated channels. An employee coming across such acts should ask or consult his or her superior first. If unsure or uneasy to do so, he or she can use designated channels.
2. Upon receiving a complaint, the recipient shall consider information or evidence for validity. The complainant is encouraged to disclose his or her identity. If the recipient found that the information is invalid, the recipient shall notify it to the complainant in case he or she reveals his or her identity. However, if the information is valid, the recipient shall inform the Corporate Secretary for compliant registration.
3. Afterward, the recipient of a complaint shall consider suitable further action or forward the matter to relevant party (investigator) with due regard for freedom to duly act on the issue in question so as to find facts and track progress. This is to ensure that the Company's actions fit the complaints. Below are the guidelines.
 - 3.1 Violations of personnel aspects of Company's policies and procedures should be forwarded to the Human Resources & General Affairs Section Manager
 - 3.2 Violations of laws, regulations, Company's policy and principles of corporate governance, code of conduct, or regulations should be forwarded to the Company Secretary

- 3.3 Dubious acts for unlawful gains for oneself or other parties, including embezzlement, corrupt practices, and fraud should be forwarded to the Audit Committee
- 3.4 If the matter under (1), (2), or (3) is complicated or involves several units, it should be forwarded to the Managing Director to consider appropriate actions
4. Subsequently, the investigator shall inform the Corporate Secretary for complaint registration, information recording, and follow on progress of such complaint.
5. Investigator, under (1), (2), (3), and (4), shall verify and assess the fact and validity of the complaint. In case that an allegation (or a complaint) is proved valid, the guilty party is subject to the Company's disciplinary measures or punishment by law if the violation is unlawful, or both.
6. When the investigation of a complaint has been concluded, the investigator, under (1), (2), (3), and (4), shall report the resolution to the recipient of a complaint; the recipient then shall inform the complainant on such matter, in case he or she reveals his or her identity.

The process from receiving a complaint until the announcement of complaint resolution to the complainant shall appropriately perform under a reasonable period of time.

3.5 Evaluation for risk from countering bribery

The Internal Audit of the company has responsible for doing the evaluation of risk from countering bribery by evaluate, analyze, follow, and control risk that might result bribery to be acceptable and report the evaluation result to the Audit Committee including follow up the procedures to prevent risk from countering bribery with the Principles for Countering Bribery.

3.6 Countering Bribery Awareness

The company creates countering bribery awareness by communicating to the Board of Directors, Executives and employees in order to create the cognitive of countering bribery in the company. The company enables its people who might relate to the stakeholders to understand and aware of countering bribery by providing course trainings, seminars, and through other related media of the company and disseminate to the company's stakeholders as well.

3.7 Punishment

The punishment is compliance with the company's regulations and/or related laws.

4. Management Discussion and Analysis

1) The Auditor's Opinion

The Auditor from EY Office Limited issued unqualified opinion that the financial statements of the Company and its subsidiaries for the year ended 31 December 2021 presented fairly, in all material respects, the financial position, financial performance and cash flow in accordance with Thai Financial Reporting Standards.

2) Summary of Financial Statements

The summary of Statements of financial position, Statements of comprehensive income and Cash flow statements by comparison for the audited financial statements year ended 31 December 2019 - 2021

STP&I Public Company Limited and its subsidiaries

Statements of financial position

As at 31 December 2019 - 2021

(Unit: Thousand Baht)

	<u>2019</u>	<u>%</u>	<u>2020</u>	<u>%</u>	<u>2021</u>	<u>%</u>
Assets						
Current assets						
Cash and cash equivalents	1,065,969.06	8.31	486,678.86	3.84	980,442.86	8.40
Current investments	2,559,617.79	19.95	-	-	-	-
Trade and other receivables	126,244.65	0.98	326,142.27	2.57	483,407.50	4.14
Contract assets						
Unbilled receivables	229,203.26	1.79	493,462.41	3.90	484,909.25	4.15
Retention receivables	9,040.37	0.07	18,158.28	0.14	25,120.12	0.22
Work in progress	25,753.08	0.20	-	-	-	-
Inventories	358,373.96	2.79	400,513.55	3.16	528,333.28	4.52
Advances payment to suppliers and contractors	12,860.69	0.10	4,240.59	0.03	21,502.06	0.18
Other current financial assets	-	-	2,073,374.65	16.37	2,269,931.66	19.44
Other current assets	215,458.02	1.68	182,542.83	1.45	175,754.29	1.50
Total current assets	4,602,520.88	35.87	3,985,113.42	31.46	4,969,401.02	42.55
Non-current assets						
Restricted bank deposits	1,077,800.55	8.40	850,972.56	6.72	73,876.40	0.63
Other non-current financial assets	-	-	191,218.51	1.51	246,074.81	2.11
Other long-term investments	275,393.22	2.15	-	-	-	-
Investments in associate	-	-	-	-	827,664.34	7.09
Long-term loan to other company	80,000.00	0.62	80,000.00	0.63	80,000.00	0.69
Advance payment for purchases of equipment	52,358.36	0.41	-	-	-	-
Investment properties	2,210,795.53	17.23	4,147,099.80	32.74	2,497,482.80	21.39
Property, plant and equipment	2,752,763.69	21.46	2,850,554.56	22.50	2,422,458.17	20.74
Goodwill	22,033.99	0.17	-	-	-	-
Rights to produce and sell electricity from municipal waste	933,828.54	7.28	434,297.81	3.43	434,297.81	3.72
Intangible assets - Petty patent and intellectual property	165,175.92	1.29	-	-	-	-
Other intangible assets	9,895.33	0.08	15,354.17	0.12	12,203.83	0.10
Leasehold rights - land	537,768.32	4.19	-	-	-	-
Deferred tax assets	56,222.78	0.44	59,527.51	0.47	36,526.53	0.31
Other non-current assets	53,533.05	0.41	53,425.97	0.42	78,139.04	0.67
Total non-current assets	8,227,569.28	64.13	8,682,450.89	68.54	6,708,723.72	57.45
Total assets	12,830,090.15	100.00	12,667,564.31	100.00	11,678,124.74	100.00

STP&I Public Company Limited and its subsidiaries

Statements of financial position (continued)

As at 31 December 2019 -2021

(Unit: Thousand Baht)

	<u>2019</u>	<u>%</u>	<u>2020</u>	<u>%</u>	<u>2021</u>	<u>%</u>
Liabilities and shareholders' equity						
Current liabilities						
Short-term loans from financial institutions	775,000.00	6.04	888,740.00	7.02	100,000.00	0.86
Trade and other payables	375,601.76	2.93	312,742.05	2.47	491,745.28	4.21
Contract liabilities						
Advances received from customers	23,647.02	0.18	150,792.41	1.19	145,948.30	1.25
Revenue from fabrication work received in advance	-	-	106,022.74	0.84	115,599.19	0.99
Rental revenue received in advance	41,947.97	0.33	12,218.81	0.10	56,135.67	0.48
Current portion of long-term loans from financial institutions	228,385.71	1.78	231,400.00	1.83	172,044.00	1.47
Current portion of lease liabilities	19,453.29	0.15	41,387.97	0.33	26,667.56	0.23
Income tax payable	2,508.03	0.02	2,964.37	0.02	196.91	-
Short-term provisions			-	-	-	-
Provision for losses on fabrication work	6,173.89	0.05	41,678.23	0.33	-	-
Other current liabilities	28,841.62	0.22	32,460.43	0.26	61,017.78	0.52
Total current liabilities	1,501,559.29	11.70	1,820,407.00	14.39	1,169,354.70	10.01
Non-current liabilities						
Long-term loans from financial institutions						
- net of current portion	1,826,700.01	14.24	1,595,300.01	12.59	773,560.00	6.62
Lease liabilities - net of current portion	38,701.22	0.30	1,250,073.51	9.87	246,483.94	2.11
Provision for long-term employee benefits	41,239.70	0.32	53,236.65	0.42	68,854.26	0.59
Advance rental income	-	-	-	-	1,208,931.40	10.36
Deferred tax liabilities	188,191.21	1.47	91,030.47	0.72	201,243.09	1.72
Deposit from long-term lease agreements	69,607.76	0.54	66,176.58	0.52	913.19	0.01
Other long-term provision	-	-	25,257.65	0.20	25,257.65	0.22
Other non-current liabilities	73,632.41	0.57	95,095.48	0.74	27,024.09	0.23
Total non-current liabilities	2,238,072.31	17.44	3,176,170.34	25.06	2,552,267.62	21.86
Total liabilities	3,739,631.60	29.14	4,996,577.34	39.45	3,721,622.32	31.87

STP&I Public Company Limited and its subsidiaries

Statements of financial position (continued)

As at 31 December 2019 - 2021

(Unit: Thousand Baht)

	<u>2019</u>	<u>%</u>	<u>2020</u>	<u>%</u>	<u>2021</u>	<u>%</u>
Shareholders' equity						
Share capital						
Registered						
1,624,838,400 ordinary shares of Baht 0.25 each	406,209.60		406,209.60		406,209.60	
Issued and fully paid up						
1,624,831,478 ordinary shares of Baht 0.25 each	406,207.87	3.17	406,207.87	3.21	406,207.87	3.48
Premium on ordinary shares	1,356,908.66	10.58	1,356,908.66	10.71	1,356,908.66	11.62
Premium on treasury shares	96,309.69	0.75	96,309.69	0.76	96,309.69	0.82
Retained earnings						
Appropriated - statutory reserve	40,629.71	0.32	40,629.71	0.32	40,629.71	0.35
Appropriated - treasury shares reserve	-	-	120,754.97	0.95	120,754.97	1.03
Unappropriated	6,522,311.75	50.84	5,469,161.96	43.17	5,789,457.10	49.58
Treasury shares	-	-	(120,754.97)	(0.95)	(120,754.97)	(1.03)
Other components of shareholders' equity	43,902.62	0.34	13,961.77	0.11	25,846.81	0.22
Equity attributable to owners of the Company	8,466,270.30	66.00	7,383,179.67	58.28	7,715,359.85	66.07
Non-controlling interests of the subsidiaries	624,188.25	4.86	287,807.30	2.27	241,142.57	2.06
Total shareholders' equity	9,090,458.55	70.86	7,670,986.97	60.55	7,956,502.42	68.13
Total liabilities and shareholders' equity	12,830,090.15	100.00	12,667,564.31	100.00	11,678,124.74	100.00

STP&I Public Company Limited and its subsidiaries

Statements of comprehensive income

For the year ended 31 December 2019 - 2021

(Unit: Thousand Baht)

	<u>2019</u>	<u>%</u>	<u>2020</u>	<u>%</u>	<u>2021</u>	<u>%</u>
Revenues						
Revenues from fabrication work	549,315.22	16.83	994,982.75	52.33	1,269,671.26	47.17
Sales and services income	719,809.47	22.06	477,163.85	25.10	770,311.55	28.62
Revenue from rental of real estates	248,707.40	7.62	291,245.95	15.32	218,707.74	8.12
Revenues from fabrication work recognised the remaining contract value received in accordance with the arbitral award	843,117.81	25.84	-	-	-	-
Interest income and cost received in accordance with the arbitral award	715,986.03	21.94	-	-	-	-
Dividend income	23,654.47	0.72	25,272.26	1.33	25,531.38	0.95
Gain on sales of investment properties	-	-	-	-	136,309.62	5.06
Other income	162,424.61	4.99	112,684.67	5.92	271,438.15	10.08
Total revenues	3,263,015.01	100.00	1,901,349.48	100.00	2,691,969.70	100.00
Expenses						
Cost of fabrication work	636,360.55	19.50	1,173,397.87	61.71	1,191,367.33	44.26
Factory overhead expenses not allocated to cost of fabrication work	386,546.20	11.85	222,167.85	11.68	172,365.54	6.40
Cost of sales and services	603,700.47	18.50	366,515.15	19.28	464,998.34	17.27
Cost of rental of real estates	133,126.13	4.08	146,244.27	7.69	89,057.20	3.31
Selling and distribution expenses	31,545.63	0.97	13,807.26	0.73	7,062.42	0.26
Administrative expenses	370,966.04	11.37	352,425.48	18.54	331,382.48	12.31
Other expenses	277,202.43	8.50	794,965.27	41.81	8,255.26	0.31
Total expenses	2,439,447.44	74.77	3,069,523.16	161.44	2,264,488.56	84.12
Reversal of allowance for doubtful debt	1,194,923.07	36.62	-	-	-	-
Operating profit (loss)	2,018,490.64	61.86	(1,168,173.67)	(61.44)	427,481.14	15.88
Share of profit from investments in associate	-	-	-	-	4,363.35	0.16
Finance income	110,035.86	3.37	80,736.76	4.25	61,852.75	2.30
Finance cost	(88,769.58)	(2.72)	(91,024.13)	(4.79)	(77,577.54)	(2.88)
Profit (loss) before income tax	2,039,756.92	62.51	(1,178,461.05)	(61.98)	416,119.71	15.46
Income tax benefit (expenses)	(1,175.85)	(0.04)	78,226.33	4.11	(142,489.29)	(5.29)
Profit (loss) for the year	2,038,581.07	62.47	(1,100,234.71)	(57.87)	273,630.41	10.17

STP&I Public Company Limited and its subsidiaries

Statements of comprehensive income (continued)

For the year ended 31 December 2019 - 2021

(Unit: Thousand Baht)

	<u>2019</u>	<u>2020</u>	<u>2021</u>
Other comprehensive income:			
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>			
Adjustment - reclassification of available-for-sale investments			
as loss due to sale - net of income tax	278.21	-	-
Gain on change in value of available-for-sale investments			
- net of income tax	21,200.99	-	-
Other comprehensive income to be reclassified to profit or loss in subsequent periods - net of income tax	<u>21,479.21</u>	<u>-</u>	<u>-</u>
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</i>			
Actuarial loss - net of income tax	-	(8,210.31)	-
Loss on investments in equity designated at fair value through other comprehensive income - net of income tax	<u>-</u>	<u>(18,619.77)</u>	<u>11,885.04</u>
Other comprehensive income not to be reclassified to profit or loss in subsequent periods - net of income tax	<u>-</u>	<u>(26,830.08)</u>	<u>11,885.04</u>
Other comprehensive income for the year	<u>21,479.21</u>	<u>(26,830.08)</u>	<u>11,885.04</u>
Total comprehensive income for the year	<u><u>2,060,060.28</u></u>	<u><u>(1,127,064.79)</u></u>	<u><u>285,515.45</u></u>
Profit (loss) attributable to:			
Equity holders of the Company	2,089,369.85	(836,675.75)	320,295.14
Non-controlling interests of the subsidiaries	<u>(50,788.78)</u>	<u>(263,558.97)</u>	<u>(46,664.73)</u>
	<u>2,038,581.07</u>	<u>(1,100,234.71)</u>	<u>273,630.41</u>
Total comprehensive income attributable to:			
Equity holders of the Company	2,110,849.06	(863,505.82)	332,180.18
Non-controlling interests of the subsidiaries	<u>(50,788.78)</u>	<u>(263,558.97)</u>	<u>(46,664.73)</u>
	<u><u>2,060,060.28</u></u>	<u><u>(1,127,064.79)</u></u>	<u><u>285,515.45</u></u>
Earnings per share			
Basic earnings (loss) per share			
Profit (loss) attributable to equity holders of the Company	<u>1.29</u>	<u>(0.52)</u>	<u>0.20</u>

STP&I Public Company Limited and its subsidiaries

Cash flow statements

For the year ended 31 December 2019 - 2021

(Unit: Thousand Baht)

	<u>2019</u>	<u>2020</u>	<u>2021</u>
Cash flows from (used in) operating activities			
Profit (loss) before tax	2,039,756.92	(1,178,461.05)	416,119.71
Adjustments to reconcile profit (loss) before tax to net cash provided by (paid from) operating activities			
Depreciation and amortisation	341,129.20	416,253.86	253,225.59
Allowance for expected credit losses (Reversal of allowance for doubtful debt)	(1,193,791.59)	2,708.13	(1,824.01)
Write off of deposit and advance payment for purchase of gas station	-	18,886.73	-
Write off of withholding tax	-	1,767.68	-
Bad debt	260.94	-	-
Reduction of inventory cost to net realisable value (reversal)	6,285.46	(2,641.16)	4,599.93
Share of profit from investments in associate	-	-	(4,363.35)
Gain on sales of investments properties	-	-	(136,309.62)
Gain on sales of equipment	(6,792.40)	(8,328.52)	1,005.40
Loss on sales of petty patent	-	26,947.74	-
Impairment loss on equipment and intellectual property	-	112,913.04	4,788.94
Impairment loss on rights to produce and sell electricity	-	499,530.73	-
Impairment loss on goodwill	-	22,033.99	-
Loss (gain) on sales of other current financial assets	(14,480.81)	5,540.78	(35,370.00)
Loss (gain) on changes in fair value of other financial assets	7,190.39	(21,479.81)	7,635.31
Loss (gain) on sales of other non-current financial assets	(170.97)	64.21	-
Dividend received from other financial assets	(23,654.47)	(25,272.26)	(25,531.38)
Increase (decrease) in short-term provisions	(3,719.80)	8,560.61	(837.29)
Increase in other long-term provisions	-	25,257.65	-
Provision for losses on fabrication work	-	35,504.34	(41,678.23)
Provision for long-term employee benefits	12,156.76	17,762.46	20,406.53
Unrealised loss (gain) on foreign exchange	1,231.52	(34,503.26)	(163,683.43)
Interest income from loans and debentures	(49,209.82)	(51,010.15)	(42,079.53)
Interest expenses	85,825.28	89,475.68	74,360.28
Profit (loss) from operating activities before changes in operating assets and liabilities	1,202,016.63	(38,488.55)	330,464.85

STP&I Public Company Limited and its subsidiaries

Cash flow statements (continued)

For the year ended 31 December 2019 - 2021

(Unit: Thousand Baht)

	<u>2019</u>	<u>2020</u>	<u>2021</u>
Operating assets (increase) decrease			
Trade and other receivables, unbilled receivables and retention receivables	2,039,564.90	(480,240.05)	(141,536.31)
Work in progress	(10,092.94)	25,753.08	-
Inventories	(32,089.69)	(39,498.43)	(132,419.66)
Other current financial assets/ Current investments	-	(41,454.27)	(209,188.95)
Other current assets	(24,681.24)	45,608.09	105,388.50
Other non-current assets	33,879.76	26,101.19	(13,878.28)
Operating liabilities increase (decrease)			
Trade and other payables	(801,753.18)	(146,091.79)	177,108.35
Advance received from customers	8,748.62	127,145.39	(4,844.11)
Revenue from fabrication work received in advance	-	115,961.68	(362.49)
Payment for long-term employee benefits	(4,154.42)	(16,282.15)	(4,788.92)
Other current liabilities	(13,492.41)	(4,958.36)	28,938.09
Rental revenue received in advance	(20,601.81)	(29,729.17)	1,252,848.27
Deposit from long-term lease agreements	34,901.30	(3,431.19)	(34,882.08)
Other non-current liabilities	(52,081.87)	21,716.82	5,552.35
Cash flows from (used in) operating activities	2,498,341.28	(437,887.68)	1,358,399.59
Interest paid	(84,567.72)	(83,646.57)	(69,387.71)
Cash received from refund of corporate income tax	1,554.19	4,293.44	4,778.06
Cash paid for corporate income tax	(24,996.24)	(28,961.93)	(147,535.95)
Net cash flows from (used in) operating activities	2,390,331.50	(546,202.74)	1,146,254.00

STP&I Public Company Limited and its subsidiaries

Cash flow statements (continued)

For the year ended 31 December 2019 - 2021

(Unit: Thousand Baht)

	<u>2019</u>	<u>2019</u>	<u>2021</u>
Cash flows from (used in) investing activities			
Decrease (increase) in restricted bank deposits	(91,447.98)	257,313.35	777,096.16
Cash paid for long-term loan to other company	(80,000.00)	-	-
Acquisition of investments in debentures and equity instruments			
with quoted market price	(81,643.76)	-	-
Acquisition of investments in real estate investment trust	-	-	(40,000.00)
Cash received from sales of investments in equity instruments			
with quoted market price	35,136.42	30,835.79	-
Acquisition of investments in debentures	(1,079,283.24)	(239,978.06)	(96,877.36)
Cash received from redemption of investments in debentures	140,625.10	730,000.00	206,668.00
Cash received from sales of investments in general fixed income fund	-	93,217.67	-
Acquisition of investments in subsidiaries	(492,449.60)	-	-
Acquisition of investments in associate	-	-	(876,441.85)
Proceeds from sales of investments properties	-	-	1,000,717.92
Proceeds from sales of equipment and other intangible assets	17,845.24	17,689.04	12,017.36
Proceeds from sales of intangible assets - petty patent	-	35,000.00	-
Acquisition of investment properties	(72,871.21)	(309,883.96)	(40,800.16)
Acquisition of property, plant and equipment	(138,401.23)	(165,998.43)	(27,840.56)
Advance payment to contractors for power plant construction	(7,405.86)	-	-
Acquisition of other intangible assets	(6,951.69)	(9,732.45)	(1,561.12)
Dividend received from other financial assets	24,036.82	25,272.26	25,504.56
Interest income	2,637.02	38,772.58	26,015.34
Net cash flows from (used in) investing activities	(1,830,173.98)	502,507.78	964,498.31
Cash flows from (used in) financing activities			
Increase in short-term loans from financial institutions	775,000.00	238,740.00	4,730,000.00
Decrease in short-term loans from financial institutions	(912,000.00)	(125,000.00)	(5,518,740.00)
Cash received from long-term loans from financial institutions	1,445,000.00	-	-
Repayment of long-term loans from financial institutions	(459,402.30)	(228,385.71)	(881,096.01)
Repayment of long-term loans from former shareholders of subsidiaries	(148,043.35)	-	-
Cash paid for lease liabilities	(13,712.04)	(125,063.57)	(50,045.80)
Cash paid for treasury stock	-	(120,754.97)	-
Dividend paid	(551,914.43)	(97,406.28)	(129.46)
Increase (Decrease) in non-controlling interests of the subsidiary	-	(72,450.00)	-
Net cash flows from (used in) financing activities	134,927.88	(530,320.54)	(1,720,011.26)

STP&I Public Company Limited and its subsidiaries

Cash flow statements (continued)

For the year ended 31 December 2019 - 2021

(Unit: Thousand Baht)

	<u>2019</u>	<u>2020</u>	<u>2021</u>
Net increase (decrease) in cash and cash equivalents	695,085.41	(574,015.49)	390,741.05
Effect of exchange rate for cash and cash equivalents	150.26	(5,274.71)	103,022.96
Cash and cash equivalents at beginning of year	370,733.39	1,065,969.06	486,678.86
Cash and cash equivalents at end of year	1,065,969.06	486,678.86	980,442.86

Supplemental cash flows information

Non-cash transactions

Increase in accounts payable - purchases of property, plant and equipment	25,482.60	4,388.93	(12,208.17)
Increase (Decrease) in accounts payable - purchases of investment properties	(13,910.00)	-	-
Transfer property, plant and equipment to investment properties	-	-	319,716.81
Transfer advance payment to contractors for power plant construction to property, plant and equipment	32,032.74	13,912.88	-
Increase in right-of-use assets due to entering into lease agreements	65,685.70	183,717.34	86,561.14
Decrease in deposit from long-term agreements due to sales of investment properties	-	-	36,785.34

Ratios

	<u>2019</u>	<u>2020</u>	<u>2021</u>	
Liquidity Ratio				
Current Ratio	3.07	2.19	4.25	(Times)
Quick Ratio	2.47	1.49	3.09	(Times)
A/R Turnover (Billed)	1.70	15.07	8.83	(Times)
Avg. Collection Period (Billed)	214	24	41	(Days)
A/R Turnover (Billed + Unbilled)	1.46	3.69	3.03	(Times)
Avg. Collection Period (Billed + Unbilled)	251	99	120	(Days)
Inventory Turnover	3.39	3.80	3.57	(Times)
Avg. Inventory Period	108	96	102	(Days)
A/P Turnover	2.29	9.90	9.44	(Times)
Avg. Payment Period	159	37	39	(Days)
Cash Cycle (Billed)	162	83	105	(Days)
Cash Cycle (Billed + Unbilled)	199	158	184	(Days)
Profitability Ratio				
Gross Profit Margin	9.53	4.38	22.72	(%)
Operating Profit Margin	132.99	(66.25)	19.12	(%)
Net Profit Margin	45.74	(42.21)	11.63	(%)
Return on equity (ROE)	27.18	(10.56)	4.24	(%)
Efficiency Ratio				
Return on assets (ROA)	17.23	(8.63)	2.25	(%)
Return on fixed assets (ROFA)	82.44	(29.55)	19.08	(%)
Total Asset Turnover	0.39	0.16	0.23	(Times)
Financial Policy Ratio				
Debt to equity Ratio (D/E)	0.44	0.68	0.48	(Times)
Interest Coverage Ratio	27.82	(7.37)	9.63	(Times)
Commitment Coverage Ratio	2.41	(0.58)	2.50	(Times)
Dividend Payout Ratio	31.11	N/A	N/A	(%)
Information per share				
Book value per share *	5.21	4.59	4.83	Baht
Earnings (loss) per share *	1.29	(0.52)	0.20	Baht
Dividend per share	0.40	N/A	N/A	Baht
Growth rate				
Total Assets Growth	18.36	(1.27)	(7.81)	(%)
Total Liabilities Growth	14.83	33.61	(25.52)	(%)
Revenues from fabrication work Growth	68.50	81.13	27.61	(%)
Operating expense Growth	31.62	(43.03)	(15.50)	(%)

* weighted average number of ordinary shares in issue during the year, net of the treasury shares held by the Company.

Management Discussion and Analysis

1. Operating performance

The Fabrication work segment

In 2021, the Company reported revenue from fabrication work at Baht 1,270 million which increased Baht 275 million or 28% from the year 2020; mainly from higher work backlog lead to the increasing work volumes and revenue recognition during the reporting period. In addition, the Company was able to negotiate a partial contract value increase due to the impact of the COVID-19 situation and the extension of the projects periods. As a result, the gross profit margin has improved compared to the previous year. However, the workload is still not at full capacity so the Company still needed to record plant overhead not allocated to the cost of production of Baht 172 million, but this nevertheless decreased Baht 50 million compared to the previous year.

Moreover, at the end of 2021, the Company received a notification from major customer who had temporarily suspended the construction of the project since the 3rd quarter of 2020 that the Company would resume construction immediately which is almost one year faster than the original estimate, with delivery scheduled within the 4th quarter of 2023. Therefore, this project is the main project that will generate income for the Company in the next 2 years.

The sale and service

In 2021, the Company reported revenue from sales and services at Baht 770 million which increased Baht 293 million or 61% from the year 2020; mainly from revenue on material storage and preservation during the project suspension and also increasing in revenue from sales and services of construction machinery. Since there are not much additional costs for material storage, resulting the gross margin of sales and services segment improved from the previous year.

The income from sales and services in 2020 and 2021 can be classified as follows.

Unit: Million Baht	2020	2021	Increase (Decrease)
sales of construction machinery and machinery-related services	378.22	430.69	52.47
Preservation fee and relocation cost during the project suspension period	70.76	315.51	244.75
Decommissioning of oil rigs services	6.95	7.85	0.90
Income from oil sales	15.10	12.49	(2.61)
Other sale and services	6.13	3.77	(2.36)
Total Income from sales and services	477.16	770.31	293.15

The rental of land, office building and warehouse segment

The Group has 3 land and warehouses for rent consist of ST Lam Luk Ka Project, Pathum Thani Province, ST Bang Pa-in Project, Phra Nakhon Si Ayutthaya Province and ST Bang Bo Project, Samut Prakarn Province, with almost full tenants, 1 office building Summer Hub Project and 1 community mall Summer Hill Project located in Prakhonong Subdistrict, Klong Toei District, Bangkok, also with almost full tenants. In June 2020, the Board of Directors has resolved to bring assets of 4 projects, namely ST Bang Pa-In, ST Bang Bo, Summer Hill and Summer Hub Project lease to KTBSTMR which has established and registered the leasehold rights successfully in November 2021. KTBSTMR paid approximately Baht 2,325 million for all leasehold rights (before deducting related expenses). The Group considered that the sublease of Summer Hill and Summer Hub Projects are sales of assets. The Group recorded gain on sales of investment properties amounting to Baht 136 million (after deducting provision for rental guarantee and eliminating the transaction in proportion of investments held by the Group) in the consolidated statement of comprehensive income. Whereas ST Bang Pa-In and ST Bang Bo Projects were recognized as advance rental income in the consolidated statement of financial position which will gradually recognize rental income over 30-year lease term.

From the above explanation and impact of COVID-19 epidemic, the revenue from rental of real estates decreased from Baht 291 million in 2020 to Baht 219 million in 2021. However, the gross profit margin improved due to depreciation decreased from the increase in asset useful life. The Group still has land awaiting development which is in process of negotiation with potential tenants to construct the warehouses and enter into the long-term lease agreement.

The community automated gas station segment

The subsidiary has started operating the community automated gas stations business since end of 2018 by gradually purchasing and installing the automated gas stations at the appropriate installation points and setting up proper management system, and started to recognize income in 2019, However, after considering the operating results for the past 2 years, the Company agrees that additional investments should be discontinued for this business. In December 2020, the subsidiary disposed of a petty patent related to its operation of community automated gas stations to buyer which is a related party to another shareholder group, resulting this segment's income has decreased from Baht 15 million in 2020 to Baht 12 million in 2021 and already stopped this business from December 2021.

The power plant segment

The waste-to-energy power plant that uses municipal solid waste as fuel in Phetchaburi province was in the process of construction. However, during 2019 the subsidiary has temporarily suspended the construction

due to the dispute with the design and construction contractors as discussed in Note 37.5 to the financial statements, resulting in the production and distribution of the electricity falling behind schedule and the need to rectify the power plant to be fit for purpose and intended use and most importantly, safe for operation.

Other incomes & expenses

In addition to gain on sales of investment properties which is a special transaction in 2021 as described in rental segment above, the material other income to the financial statement is gain on exchange rates. In 2021, Baht depreciated against US dollar which has positive effect on the Company, resulting in FX gain Baht 187 million which increased more than 3 times compared to FX gain Baht 62 million in 2020 due to an adjustment in book value of USD assets, including forward foreign exchange contracts according to the exchange rate at the end of the period.

For other expenses, In 2020, the Company considered the impairment of various assets including the damages from lawsuits and other long-term provisions totaling to approximately Baht 795 million, comprising loss from impairment of rights to produce and sell electricity of Baht 500 million, impairment of equipment and intellectual property totaling Baht 113 million, damage from lawsuits Baht 89 million and other items Baht 93 million, while in 2021 there was no such transaction (See details in Note 31).

In 2021, income tax expenses amounted Baht 142 million mainly due to gain on sales of leasehold rights to the REIT as explained above, causing more income tax expenses Baht 128 million and was recorded as a deferred tax liability in the Statements of financial position.

From the aforementioned reasons, the Company reported a net profit attributable to the shareholders of the Company of Baht 320 million for the year 2021, which has strongly improved compared to the loss of Baht 837 million in 2020.

2) Financial Position

● Asset

In 2021, the Company had total assets of Baht 11,678 million which decreased 8% compare to Baht 12,668 million in 2020, summarized as follows;

- Cash and cash equivalent

At the end of 2021, the Company reported cash and other current financial assets at Baht 3,250 million which increased Baht 690 million from 2020. Although in 2021, the Group has leased investment properties to the REIT and received cash more than Baht 2,100 million (after deducting withholding tax and related expenses). However. The Company used cash to repay bank loans total Baht 1,360 million and the remaining used to

invest in KTBSTMR trust. And from repaying bank loan, therefore the Company was able to release restricted bank deposits amounted Baht 777 million and shift this item from non-current assets to current assets.

- Trade Receivables and Unbilled Receivables

According to the Company's business practice, a credit terms ranging from 30 – 60 days has been provided to both domestic and overseas customers. Regarding the policy for allowance for expected credit losses (2019: allowance for doubtful accounts), the management will determine on a case by case basis, taken into consideration track record and financial status of each customer as well as the relevant economic situation. The Company recorded the revenue by percentage of completion whilst the undue revenues were booked as unbilled receivables.

The trade receivables aging as of 31 December 2019 to 2021 are as follows;

Unit : Million Baht

	<u>2019</u>	<u>2020</u>	<u>2021</u>
<u>Trade receivables - related parties</u>			
Aged on the basis of due dates			
Not yet due	5.53	1.83	4.77
Past due			
Up to 3 months	1.88	1.31	1.66
Total trade receivables - related parties	7.41	3.14	6.43
Less: Allowance for expected credit losses			
(2019: Allowance for doubtful accounts)	-	(0.03)	(0.04)
Total trade receivables - related parties, net	7.41	3.11	6.39
<u>Trade receivables - unrelated parties</u>			
Aged on the basis of due dates			
Not yet due	51.10	70.23	320.33
Past due			
Up to 3 months	7.59	68.46	31.20
3 - 6 months	5.44	0.73	1.47
6 - 12 months	8.76	2.11	0.09
Over 12 months	5.53	3.53	4.05
Total	78.42	145.06	357.14
Less: Allowance for expected credit losses			
(2019: Allowance for doubtful accounts)	(1.35)	(6.18)	(4.34)

	<u>2019</u>	<u>2020</u>	<u>2021</u>
accounts)			
Total trade receivables - unrelated parties, net	77.07	138.88	352.80
Total trade receivables - net	84.48	141.99	359.19

Most of trade receivables are not yet due or past due not more than 3 months, which is paid in the next reporting cycle. For long outstanding receivables, the allowance for expected credit losses is sufficient.

At the end of 2021, the Company reported unbilled receivables at Baht 484 million which is close to the year 2020 and is in accordance with some contract term could submit invoice after the goods has been delivered.

- Inventory

At the end of 2021, the Company reported inventory at Baht 528 million which increased Baht 128 million from 2020, due to the increasing of raw materials including equipment materials for fabrication work Baht 143 million. While the subsidiary was able to sell the products in stock causing finished goods for sell decreased approximately Baht 21 million.

- Investments in associate

In order for investors to be interested and confident in investing in KTBSTMR, the Company as a main sponsor, expand the investment in KTBSTMR from 5% to not more than 30%. During the initial public offering (IPO) between 19-29 October 2021, the Company and STP&L invested in KTBSTMR amounting to Baht 246 million and Baht 600 million, respectively. As a result, the Company's shareholding in KTBSTMR is totaling 28.05, and KTBSTMR is treated as an associated company. Subsequently, in November and December 2021, the Company invested Baht 30 million in KTBSTMR. As a result, as at 31 December 2021, the Group's shareholding in KTBSTMR is 29.01% with the amount based on equity method baht 855 million.

- Investment Property and Leasehold Rights of Land

In 2020, the Company has adopted TFRS 16 Leases which effect to the measurement, presentation and disclosure of leases. The Company recognized right-of-use assets for all leases with a term of more than 1 year and classified according to the assets. The effect of the adoption causing the increasing of the Investment properties, Property, plant and equipment while the Leasehold rights of land was eliminated.

In addition, during 2020 STP&L acquired land and long-term leasehold rights of land. The lands area are adjacent to Bangna-Trad Road Km.19 and Km.22 amount approximately Baht 309 million, to develop into the built-to-suit factory or warehouse for rent which is in line with the business expansion plan of the Group. It is currently under negotiation with potential clients.

During the year 2021, the Company transferred land which was originally intended to be used for factory construction amounting to Baht 320 million to investment properties (Land awaiting development) because the factory building plan have changed. In addition, due to the Group's consideration that the lease of Summer Hill and Summer Hub projects are true sale, the investment properties related with the projects are therefore written off from the account with a net book value as of the date of sale approximately Baht 1,955 million. This is the main reason that investment properties in 2021 decreased to Baht 2,497 million from Baht 4,147 million of 2020.

- Property, plant and equipment

As of 31 December 2021, the Company reported property, plant and equipment amounted Baht 2,422 million which decreased Baht 428 million from 2020, mainly due to the transfer of land to investment properties of Baht 320 million, depreciation for the year around Baht 149 million, and right-of-use assets increased from leasing assets to support the current projects approximately Baht 43 million. While the investment in new assets is not much because already invested in the previous year.

- Rights to produce and sale electricity

In 2019, a subsidiary temporarily suspended the construction of a waste-to-energy plant due to a dispute with the design and construction contractors, which resulted in production and distribution of electricity falling behind schedule and the need to rectify the power plant to make it fit for purpose and its intended use. The Group's management believes that the effect of the dispute will not result in any damage to the subsidiary. However, in the fourth quarter of 2020 the Company has reconsidered and recorded allowance for impairment loss on rights to produce and sell electricity from municipal of Baht 500 million to reduce the carrying amount of the assets to their recoverable amounts which based on value in use, using cash flow projection determined based on the estimated financial. In 2021, the Company believe that allowance for impairment loss, which was recorded, is appropriate.

● Liabilities

At the end of 2021, the Company reported total liabilities at Baht 3,722 million which decreased Baht 1,275 million from Baht 4,997 million of 2020, mainly due to the entering agreement to lease and sublease investment properties to the REIT as described previously. As a result, during the year, the Group repaid both short-term and long-term bank loans totaling Baht 1,670 million and are written off investment properties including right-of-use assets and related lease liabilities are written off approximately Baht 1,000 million as well. Deposit from long-term lease agreement decreased Baht 65 million, while advance rental income and deferred tax liabilities increased Baht 1,253 million and Baht 110 million, respectively. Other operating liabilities including trade payables and contract liabilities changed according to the amount of work, terms and conditions specified in the contract in accordance with normal course of business.

- Shareholders' Equity

At the end of 2021, shareholders' equity was presented at Baht 7,715 million, increased Baht 332 million or 4.5% from 2020 due to net profit for the period amounted Baht 320 million, gain through other comprehensive income Baht 12 million.

Equity attributable to non-controlling interests of the subsidiaries decreased from Baht 288 million in 2020 to Baht 241 million in 2021, due to recognized proportionate loss during the year totaling Baht 47 million.

- Company cash flow

In 2021, net cash flow from operation activities was reported at Baht 1,146 million because the Company reported profit before tax at Baht 416 million, which including depreciation and amortization totaling Baht 253 million, profit from sales of investment properties Baht 136 million, unrealized gain on foreign exchange Baht 164 million. Cash from operating activities mainly related to the REIT ie. Advance rental income increased by Baht 1,253 million, cash paid for corporate income tax (including withholding tax deducted by the REIT) amounting to Baht 148 million, etc.

Cash flows from investing activities amounted Baht 964 million were mainly from cash received from sale of investment properties Baht 1,001 million, redemption of investments in debentures and decreased in restricted bank deposits totaling Baht 983 million. While cash used to invest in KTBSTMR amounting to Baht 876 million and the remaining used for acquisition of investment in debentures, real estate investment trust and investment properties.

For cash flows used in financing activities amounted Baht 1,720 million were mainly from repayment of bank loan amounting to Baht 1,670 million and cash paid for lease liabilities Baht 50 million.

Current Ratio

In 2021, current ratio increased from 2.19 times in 2020 to 4.25 times, and quick ratio increased from 1.49 times in 2020 to 3.09 times, mainly due to an increase in cash and investments.

Profitability Ratio

In 2021, the Company reported gross profit from operating at 22.72% which increased from 4.38% in 2020, mainly due to the fact that in 2020 the lower than full capacity utilization of the plants including the cost is quite high at the beginning of the project while the revenue recognition was postponed causing gross loss. While in 2021 the Company succeeded in negotiateing for some additional contract value along with more revenue from material storage with a relatively high gross margin, resulting in gross profit margin increased.

Moreover, during 2020 the Company considered to record allowance of impairment loss of various assets while in 2021 there was no such transaction, resulting in strongly improved from loss in 2020 to a net profit margin of 11.63% for year 2021.

4) Audit Fee

EY Office Limited has been appointed as the Company's auditing firm since 2001 with the following remunerations:

Audit fee

In 2021, the total auditing fee was Baht 3,890,000 of which Baht 1,450,000 pertained to the Company's auditing fee, and the remaining Baht 2,440,000 was for its subsidiaries, details as table below;

(Unit : Baht)

Year	2019	2020	2021
The Company	1,300,000	1,450,000	1,450,000
Affiliated company	2,380,000	2,440,000	2,440,000
Total	3,680,000	3,890,000	3,890,000

Non-audit fee

In 2019-2021, the Company does not pay any other service fees to EY Office Limited.

In this regard, Cannatory Company Limited, a subsidiary of the Company and Leasehold Real Estate Investment Trust, KTBSTMR which is an associated company of the Company has appointed another auditor for year 2021. The Board of Directors confident and can supervise of the preparation of financial statements in a timely manner.

In this regard, Cannatory Company Limited, a subsidiary of the Company and Leasehold Real Estate Investment Trust, KTBSTMR which is an associated company of the Company has appointed another auditor for year 2021. The Board of Directors confident and can supervise of the preparation of financial statements in a timely manner.

Main factors and influences that may affect operations or financial position in the future

Nature of the Company's income depends on a success in getting new projects. As a result, the Company's income can vary according to the amount of work that the Company bids for. In the future, if the Company is unable to succeed on bidding projects, the Company's income may not be enough to cover expenses, especially fixed costs that could not decrease per work volume such as depreciation, rental fees, etc. However, the Company is aware of the volatility of such income, the Company then focuses on producing standardized quality of product and on time delivery at a reasonable price, satisfied with customers to hire new projects to the Company. Moreover, the Company has a good relationship with the main contractor (EPC / Main Contractor), including maintaining the status of the main contractor's steel structure work to get the project when the main contractor can bid on new projects.

In addition, the Company has adjusted the revenue and profit structure of the Group from the establishment of subsidiaries for other business operations that can increase the recurring income in the long term and diversification of business risks as well.

5. Other Reference

5.1 Reference

Share Registrar	:	Thailand Securities Depository Company Limited The Stock Exchange of Thailand Building 93 Ratchadaphisek Road, Dindaeng, Dindaeng, Bangkok 10400 Tel : +66 (0) 2009 9000 Fax : +66 (0) 2009 9991
Auditor	:	EY Office Limited 33 rd Floor, Lake Ratchada Building 193/136-137 Ratchadaphisek Road Klongtoey, Bangkok 10110, Thailand Tel : +66 (0) 2264 0777 Fax : +66 (0) 2264 0789 -90
Attorneys – At – Law	:	Dej-Udom & Associated Limited 9 th Floor, Charn Issara Tower 942/142-3 Rama IV Road, Bangkok 10500, Thailand Tel : +66 (0) 2233 0055 Fax : +66 (0) 2236 6681
Member	:	Thai Steel Constructions Association 25 th Almalink Building, 11 st Fl., Soi Chidlom Phloen Chit, Lumpini Pathumwan, Bangkok 10330 Tel : +66 (0) 2254 8400 Fax : +66 (0) 2255 6651

- Member** :
- Thai Institute of Directors Association
CMA, Building 2, 2/9 Moo 4 Northpark Project
Vibhavadi-Rangsit Road, Thung SongHong,
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Tel : +66 (0) 2955 1155
Fax : +66 (0) 2955 1156-57
- :
- The Federation of Thai Industries
8th Fl, Creative Technology Bldg. 2 Nang Linchi Rd.,
Thung Maha Mek, Sathon, Bangkok
10120 Thailand
Tel : +66 (0) 2235 1000
- :
- Thai National Shippers' Council
1168/97, 32nd Floor., Zone C Lumpini Tower Bldg.,
Rama IV Road, Thungmahamek, Sathorn,
Bangkok 10120
Tel : +66 (0) 2679 7555
Fax : +66 (0) 2679 7500-2
- :
- Investor Club Association
1 TP&T Tower, 12,16 th Fl Vibhavadi-Rangsit Rd.,
Chatuchak Bangkok 10900
Tel : +66 (0) 2936 1429
Fax : +66 (0) 2936 1441-2
- :
- The Thai Chamber of Commerce
150 Rajbophit Road, Ratchabophit Temple Sub-district,
Phra Nakhon District, Bangkok 10200
Tel. :+66 2018 6888

5.2 Legal Dispute and Litigation

5.2.1 Dispute of the Company

In 2017, the Company submitted a claim to the Arbitration Institute to protect its rights under the overseas project agreement with a hirer. This project had related outstanding balances of trade receivables and unbilled receivables totaling Baht 1,917 million, and in 2018 the Company set aside provision of Baht 1,915 million for the balances. Subsequently, in the first quarter of 2019, the Company was notified of the outcome of the dispute. The arbitral tribunal's award instructed the counterparty to pay the Company all unpaid amounts per the contract, in the amounts claimed by the Company. As a result, on receipt of such payment, the Company reversed allowance for doubtful debt of Baht 1,195 million, recorded revenues of Baht 843 million in accordance with the remaining contract value received under the arbitral award, and recognised an exchange loss of Baht 131 million. In addition, in the third quarter of 2019 the Company was informed of the arbitral award in the dispute, with respect to interest and operating costs that the Company had claimed. This is the final award of this arbitration and it ordered the counterparty to pay interest and compensation to the Company. The Company recorded the interest income and compensation received of Baht 716 million in September 2019.

In accordance with the aforementioned project, in March 2020 one of the subcontractor ("Subcontractor") applied for dispute resolution with an arbitration center in Thailand, demanding that the Company pay for damages from late payment of work progress, retention money and late return of bank guarantee (as per details in the Note no. 10) for the total amount of Baht 109 million plus interest of 7.5% per annum from 6 March 2020 until payment was settled in full.

In November 2020, the Company was informed of the arbitration award in which the Company had to pay Baht 89 million to that Subcontractor. The payment was completely paid and recorded as expense in the Statement of comprehensive income for that reporting year. This case was therefore final.

5.2.2 Dispute of the Subsidiaries

In 2016, WPG E Phetchaburi Co., Ltd. (a subsidiary) entered into contracts for the design and construction of a waste-to-energy plant with key contractors, and the construction was started in late 2016. However, due to non-compliant work, in 2019 the subsidiary seized the performance bonds of JPY 131 million and USD 0.4 million. Thereafter, the contractors filed a request for

arbitration with the International Chamber of Commerce, claiming approximately Baht 158 million, JPY 352 million and USD 0.4 million, mainly for unpaid invoices and other costs. The arbitral tribunal was officially formed in November 2019. The subsidiary denied all allegations and filed counterclaims of approximately Baht 480 million, JPY 1,286 million and USD 4 million for damages resulting from the contractors' breaches. This arbitration is still ongoing.

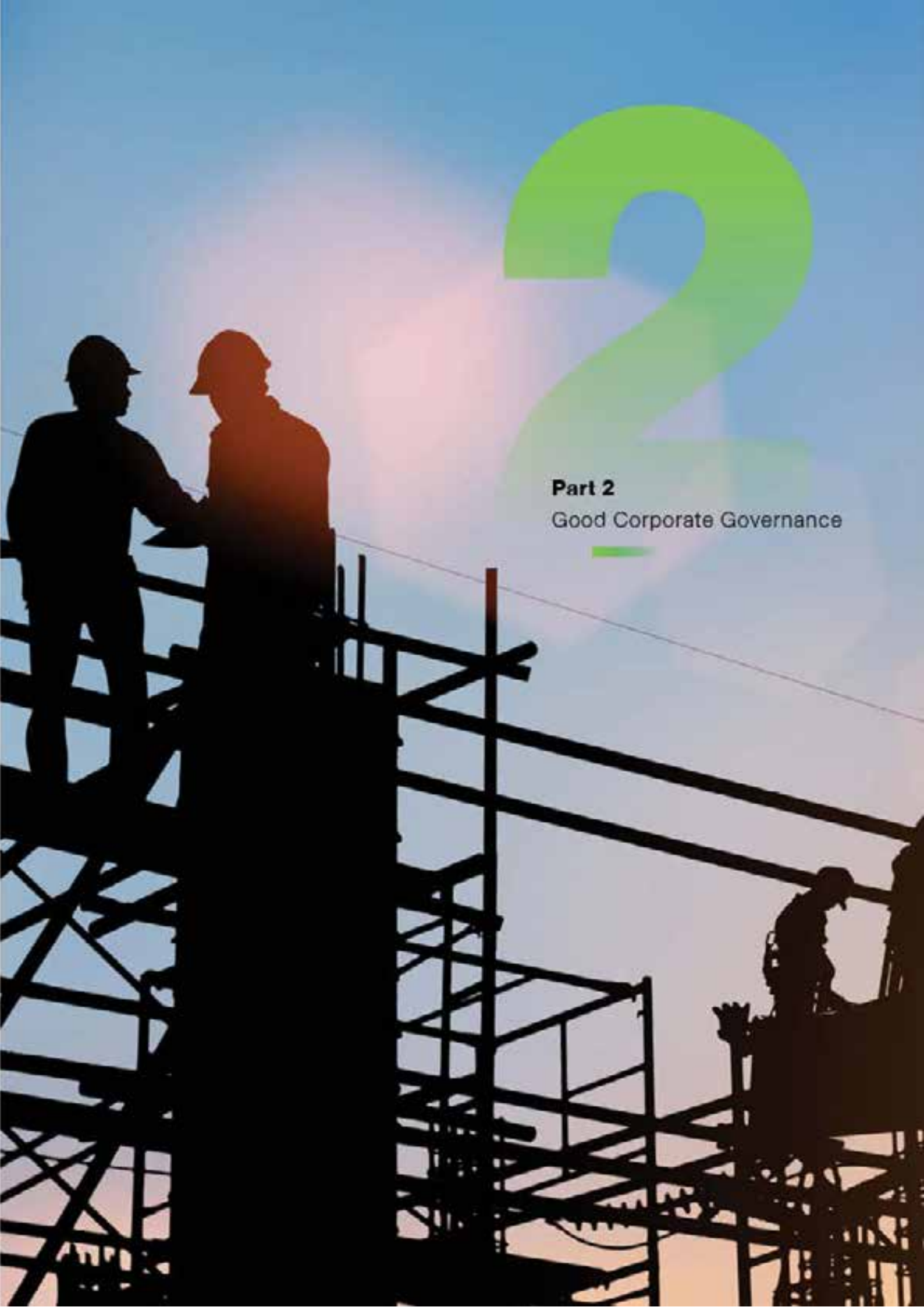
In addition, in 2019, the subsidiary was sued by another civil contractor in the Civil Court of Thailand, with claims for unpaid invoices and damages of approximately Baht 180 million plus interest. The subsidiary denied all allegations and filed a counterclaim of approximately Baht 12 million plus interest for damages resulting from the contractor's breach. In October 2020, the Civil Court pronounced the judgement dismissing the contractor's case and ordered the contractor to pay for damages arising from breach of the agreement of Baht 7 million to the subsidiary, plus interest at the rate of 7.5% per annum thereon, from 7 November 2019 until full payment is made. The contractor filed an appeal in January 2021, and the subsidiary submitted an answer brief on 1 April 2021. Subsequently, on 18 March 2022, the Court of Appeal pronounced a judgement ordering the contractor to pay damages to the subsidiary of Baht 7 million, plus interest at the rate of 7.5% per annum from 7 November 2019 until 10 April 2021, and interest at a rate of 5% per annum from 11 April 2021 until full payment is made. Currently, the contractor is preparing to appeal the order of the Court of Appeal to the Supreme Court.

The management of the Group has carried out an assessment and is of the opinion that the subsidiary is not contractually and legally liable to the counterparties as claimed. Consequently, these disputes and litigation should not result in any material damage to the subsidiary and thus it is not necessary to set aside any provision for loss in the accounts.

2

Part 2

Good Corporate Governance



■ Good Corporate Governance ■

6. Corporate Governance Policy

The Board of Directors at STP&I Public Company Limited defines the importance of corporate good governance in written in order to gain the company's sustainable growth and management efficiency. The review of sufficient internal control system has been performed annually since 2002 in order to ensure the efficient company's operations, and supervising the executives to obtain the management efficiency. The company disclosed all information required by SET in bilingual (Thai and English) via the company's website.

The Board of Directors also reviewed the Company's Corporate Governance Policy and Risk Management including the evaluation of Board of Directors' performance.

The Company is committed to the principles of good corporate governance and business ethics in compliance with the recommended best practices for listed company and relevant rules, regulations and guidelines of the Stock Exchange of Thailand ("SET"), the Office of the Securities and Exchange Commission ("SEC"). The Board of Directors reviewed annually that the principles of good corporate governance and business ethics are adequate and appropriate as per the Resolution of the Board Meeting no. 1/2022 on 11th March 2022. The Board of Directors Consider and review the implementation of the CG Code as a business context.

In 2021, the Company conducted several activities to develop Good Corporate Governance by considering development and improvement of Good Corporate Governance policy in terms of Human Rights policy and issued Personal Data Protection policy as well as other relevant processes in compliance with the law, Good Corporate Governance principles.

There are 5 principles which are 1)Right of Shareholders 2) Equitable Treatment of Shareholders 3) Role of Stakeholders 4) Disclosure and Transparency and 5) Responsibilities of the Board of Directors

1) Rights of Shareholders

The Company defines the Principle of Corporate Good Governance concerning with the right of the shareholders. Basic shareholders rights include the right to 1)buy, sell, or transfer shares 2) share in the profit of the Company 3) obtain relevant and adequate information on the Company 4) participate and vote in shareholder meetings on significant corporate decisions

Shareholders' Meeting

The Board of Directors shall be obliged to supervise the organization of shareholders' meetings to ensure strict compliance with applicable laws, rules and regulations without any prejudice to the shareholders' rights. The Board of Directors shall refrain from any actions, which may limit the rights of all shareholders, including institutional investors, as follows:

- Notice of shareholders' meeting with details on date and time of the meeting, agenda of the meeting, and complete and sufficient information on each agenda for the shareholders to study in advance of the meeting
- Disclosure of and access to accurate, complete, appropriate and sufficient information for the shareholders
- Adequate allocation of time for discussion and express the opinion in the meeting and asking and explaining questions related to the Company's operation for every agenda
- Openness of the rights to vote each proposed director individually
- Rights to attend the shareholders meeting at any agendas that are still under consideration and not vote
- Proposing 2 directors for shareholders to appoint a proxy to attend and vote at the Meeting on their behalf for all 3 proxy forms (A,B,C)
- Disclosure of agenda and related information on shareholders meeting for both on website and on courier to shareholders on the right time and same information
- Encourage all shareholders, including institutional ones to attend the Company's shareholders meeting
- Provide an opportunity and provide a channel to send questions in advance of the 2021 AGM to the Company Secretary
- - Strict adherence to the guidelines for the 2021 AGM in the event of the Coronavirus Disease 2019 (COVID-19) outbreak

Chairman of the Board, Director's and Top Management's Attendance at Shareholders' Meeting

Chairman of the Board, all directors, company secretary and top management of the Company shall attend all shareholders' meetings necessary. This is to allow them to listen to suggestions and answer questions from the shareholders.

Minutes of the Shareholders' Meeting

The minutes of the shareholders' meeting are disclosed to shareholders in accordance with applicable laws, rules and regulations both in Thai and in English. Data are accurately and completely recorded, including methods of how to vote and count the votes, names of directors attending the meeting, questions and answers, and the resolutions on each agenda of the meeting and published through the news of the SET and the website of the company www.stpi.co.th both in Thai and English.

Equitable Rights of Shareholders to Dividend Payment and Repurchasing Stock

The Company has given all shareholders an equitable right to dividends and/or other benefits and the right to repurchase stock. In this regard, the Company has established a clear dividend payment policy.

2) Equitable Treatment of Shareholders

Notice of Shareholders' Meeting

For equitable treatment of all shareholders, in sending the Notice of Shareholders' Meeting, Proxy Form A, B, and C, and instructions on how to appoint authorized representatives for shareholders who cannot attend the meeting in person, the Board of Directors requires that the letter of invitation to meeting must be disseminated both in Thai and English languages at least 30 days prior to the meeting date on the Company's website www.stpi.co.th and that the notice of shareholder's meeting must be sent to the shareholders at least 21 days before the date scheduled for the shareholders' meeting. In case of a foreign shareholder, the notice of shareholders' meeting and supporting documents in the English language must be sent.

Voting Right

For equitable treatment, a shareholder shall have one vote per share.

Agenda Proposition and Nomination of Directors and Submission of Questions for the Annual General Meeting in Advance

The Company adheres to the principle of equitable treatment of all shareholders and in order to give all shareholders an opportunity to propose matters to the Board of Directors as meeting agenda or nominate qualified persons as the Company's directors, the Company has established the criteria for agenda proposition and director nomination. Such criteria consist of qualifications of the shareholders to propose the meeting agenda or nominate a director, procedures for proposition of

the agenda and director nomination, matters not to be included as an agenda, consideration and selection procedures, and announcement of the consideration results. Details of such criteria are shown on the Company's website www.stpi.co.th. Moreover, the Company allows the shareholders to submit questions for the Annual General Meeting in advance in order to inquire information of each meeting agenda or any important issues of the Company. The Company has clearly determined the qualification of shareholders to submit questions in advance as well as the criteria and consideration procedures.

Internal Information Usage Policy

The Company has developed written measures to prevent its directors, management and employees from using inside information for their personal benefits. This is to prevent potential conflicts of interest and disclosure or misuse of inside information. Matters on the inside information usage are contained in the procedures and code of conduct of the directors, management and employees as well as Work Regulations of the employees.

With regard to regulations on inside information of the Company, the term "inside information" means information on financial matters, investment, marketing, operations, and other information related to the Company in accordance with the Articles of Associations of the Company or laws. Protection of the inside information is to protect shareholders' rights and the Company's assets as well as interests of the Company. If the management and employees violate this regulation on inside information, they shall be subject to penalty as stipulated in the Work Regulations and laws. Procedures regarding inside information are as follows:

- The company shall inform the Board of Directors and management as well as their spouses and minor children on their obligation and the auditor to provide reports on their holding of the Company's securities in accordance with the Securities and Exchange Commission (SEC) Sor Jor.14/1997 regulations: Preparation and disclosure of reports on securities holding of directors, executives and auditor of the company. Which must be strictly observed
- Limit the number of persons who are aware of the financial information to only related management.
- The management or employees who have knowledge of inside information shall not be allowed to disclose such information to the outsiders nor shall they sell or buy securities of the Company within one month prior to dissemination of financial statements to the public and the boards of directors and management are required to notice the company secretary at least 1 day before their trading of the company's securities. The company secretary is to submit a

summary report on the holding and trading of the company's securities of the board of directors, management, and the auditor to the board of directors meeting quarterly for acknowledgement.

- The company has a regulation on inflicting punishment against any management and/or employees bringing forth inside information for dissemination for use for their personal interests.
- The Company has adopted information technology system to prevent access to the Company's information and stipulated the rights of access to the Company's information in various levels suitably in accordance with the responsibilities of each management and/or employee. The Company had an information technology policy. It was created to clearly define rules for safe use of computers and information technology of the Company, such as prevention of problems that may arise as a result of incorrect use of information system network, protection of information, punishment, and application.

Policy on Securities Trading of Directors and Top Management of the Company

The Board of Directors has determined a policy on securities trading of the Company's directors and top management to prevent their use of insider information that is non-public and essential to change in the prices of securities (Insider Trading), which is considered an unfair trading.

Policy on Connected Transactions, Related Party Transactions, and Conflict of Interest

The Company realizes the benefits of shareholders and fair treatment of all shareholders. To prevent conflict of interests and to achieve transparent and accountable business operations, the Company has a clear policy on disclosure of connected transactions, related party transactions and conflict of interests in order to enhance the confidence of shareholders, investors and stakeholders. The significant connected transactions, related party transactions and conflict of interests must be reviewed and approved by the Audit Committee and the Board of Directors. The Company will be in strict compliance with criteria, conditions and procedures set forth in the Notification of the Stock Exchange of Thailand regarding Disclosure of Information and Practices of Listed Companies in Connected Transactions B.E. 2546 (A.D. 2003) or amendments thereof.

Report on interest of directors and Management

The Board of Directors and The Board of Executive Directors will act as a director in accordance with the Fiduciary Duties by especially focus on making decision to both direct and indirect of the company's transaction with cautious and honesty in order to prevent any conflict of interest that might happen in the connected transaction between the company and its subsidiaries. The Board of

Directors defined the best practices for avoiding any conflict of interest by providing the policy that every Directors, and Top Management from Senior Vice President and/or upper levels including Management whose position were related to accounting and financial in Managers or division level must report any conflict of interest that had been made by themselves, spouses, and minor child to the company for the acknowledgement as accordance with The Securities and Exchange Act B.E. 2535 and other additional regulations.

3) Role of Stakeholders Principle

Human Resources Management Policy

The Company has policy to manage people fairly and completely by;

1. Suitable compensation and benefit
2. Adequate fringe benefit
3. Development on staff skill including training
4. Fairness
5. Respect to individual rights
6. Belief and trustworthiness
7. Provide consultation
8. Encourage to be a good citizen
9. Open box for staff to express their opinion and information

The company has intention to develop people in all aspect in order to increase their effectiveness and efficiency to the Company operation by;

- Manpower Planning

The Company has planned man power to fulfill the project volume by providing qualification candidate as plan and timely.

- Recruitment and Selection

The Company has a procedure on recruitment process to get a qualification candidates. There are many channels for recruitment including internet, event with labor department, government agencies, university and education institutes. With many channels of promotion, the Company can select the candidates to match with the position properly. And also, the Company has

checked the criminal records of the accepted candidates for some position with the Criminal Record Division,

- Fringe Benefit

- 1) Fringes benefit as per required by law including social security and workmen compensation
- 2) Additional benefits including provident fund, group life and health insurance, health examine, long service award (5, 10, 20, 25, 30 years), education fund, uniform, and nurse service

Training and development

The company has a policy of learning and employee development. Through training and development of employees at all levels to meet the needs of each job type. This is to enable employee to have knowledge, ability, skills and expertise in their job and able to work efficiently with the organization's business plan at present and ready for future competition in a sustainable manner, for example

Performance Evaluation and Pay Structure

The company has a concrete performance evaluation system by setting the criteria for individual and team performance in line with the company's operation plan which related to the appropriate and fair compensation system. By developing and improving to be in line with the conditions of competition and labor market conditions that change in each period by having paid compensation to employees and personnel appropriately and in line with the operating results of the company.

Policy on Safety, Health, and Environment

The Company has commitment on Safety, Health, and Environment which is a key success factor to the operation of the Company and to all related parties. All employees are the most important to the Company therefore, the Company ensures that they work under safety condition and good environment. The key policies are as follows:

- 1) The Company has committed to staff and community by promoting and supporting the operation with safety and health, and preventing and protecting the environment
- 2) The Company provides the safety, health, and environment management to comply with the related laws.

- 3) The Company has defined that managers are responsible for implementing, controlling, and following the policy of safety, health, and environment to be executed to all staff. And also, managers has a rights to proceed this policy successfully.
- 4) The Company has to ensure that all staff work under the Company policy on safety, health, and environment and under the Company regulation strictly.
- 5) The Company provides all necessary equipment and tools with a safety condition and personal protection equipment. The Company has promoted and supported staff by educating and convincing them to work with safety and protecting the environment.

The Company has a committee of safety, health, and environment who plan, execute, and develop such policy to the project efficiency.

Anti-Corruption Policy

The Company promotes anti-corruption policy to all management and staff by having an anti-corruption policy in writing, therefore, they understand and apply this policy to their works

Good practices on the receiving and giving gifts or opter benegits

The Company has announced a written Gift policy which is a part of Anti-Corruption Policy to employees and the policy was adopted in year of 2015.

Non-infringement of Intellectual Property

The Board of Directors is aware of the importance of non-infringement of intellectual property and conformity with laws governing intellectual property or copyrights; therefore, a policy has been established and clearly disseminated the requirement to the management and employees to carefully consider the products, services, equipment, tools or information technology to be used for business operations of the Company to ensure that the use of such items is not an infringement of third-party intellectual property.

The company set the best practices for non-infringement of intellectual property by monitoring and preventing the downloadable pirated hardware and software.

Human Rights

In the business of that company, it gives priority to human rights of personnel and those involved. Respect the rights of people as required by law, the Company should not act or take any actions in

the business which are violation of human rights but treating employees equally and strictly complying with laws

4) Disclosure and Transparency

Disclosure of Data and Information of the Company

The Board of Directors has defined the policy regarding disclosure of information on business and operating results of the Company, both financial and non-financial information, in an accurate, adequate, appropriate, timely and transparent manner, to general public, investors and stakeholders. Regarding such disclosure, the Company complies with provisions of the Public Limited Company Act, the Securities and Stock Exchange Act, relevant regulations and notifications of the Securities and Exchange Commission, the Stock Exchange of Thailand, and other related authorities. The Board of Directors has complied with the rules and regulation on the disclosure policy including annual report, corporate information (56-1), thru the Stock Exchange of Thailand and company website www.stpi.co.th

Investor Relations Office

The Company has set up the Investor Relations Office to communicate with investors, shareholders, analysts, relevant government agencies, and the general public in an appropriate and equal manner. The Investor Relations Office can be reached at

Investor Relations Office
Miss Supattra Yangtrong
STP&I Public Company Limited
3rd Floor, Sino-Thai Tower, 32/24 Sukhumvit 21 (Asoke) Road,
Klongtoey-Nua, Wattana, BKK 10110
E-mail: ir@stpi.co.th
Tel: +662-260-1181

Dividend Payment Policy

The Company has a policy to pay dividends at the rate of at least 30% of the net profit, according to the specific Financial Statements of the Company, less the statutory reserve fund and other reserve fund. However, the payment of dividends shall depend on the Company's cash flow statements, provided that there are no other necessary matters and for as long as the dividend payment shall not

affect the essential business operation of the Company. Nevertheless, the Company may declare a dividend payment at a lower rate than the above-specified rate by considering the business operation, financial status as well as other factors which may affect the business management of the Company in the future.

Whistleblowing and Whistleblower Protection Measures

To promote corporate good governance and encourage all employees and stakeholders to report or disclose potential corruption or violation of laws, code of ethics or policies of the Company, to file complaints regarding violation of rights, or to express their opinions regarding business operations, the Company has provided a channel for the employees and stakeholders to report to:

Corporate Secretary Office

STP&I Public Company Limited

3rd Floor, Sino-Thai Tower,

32/24 Sukhumvit 21 (Asoke) Road,

Klongtoey-Nua, Wattana, BKK 10110

E-mail: contact@stpi.co.th

Tel: +662-260-1181

Whistleblowing Procedure

1. The person who informs the whistleblower or the person who cooperates in the investigation can choose not to reveal themselves if it is seen that the disclosure will cause unsafe or damage, But if there is a self-disclosure, the company can report the progress, clarify the facts or alleviate damage easily and faster.
2. The company will consider the information of the whistleblower, the complainant or the person who cooperate in the investigation including confidential information The disclosure is done with caution and as necessary by taking into account the safety and damage of those who report clues to the complainant or those who cooperate in the investigation source of information or related person
3. In the case of whistleblower, the complainant or the person who cooperates in the investigation of the facts, he / she may be unsafe or may cause damage can request the company to set appropriate protection measures. The company may impose a protection clause where the

person who makes a complaint or who cooperates in the investigation if it is considered to be a problem that is likely to cause damage or insecurity.

4. Those who have suffered damage will receive relief through the process that is appropriate and fair.

Communicate with the Board of Directors (without the acknowledgement of the company's executives)

The company provides additional channel for stakeholders to communicate with the Board of Directors directly to the Board (without the acknowledgement of the company's executives) in order to receive any suggestions or opinions including claimants such as the operation of the Executives, the unfair practices and any other acts that against the code of conduct.

Stakeholders can submit the document that clearly specified name, address, the convenient telephone number and e-mail address (if any) to:

The Audit Committee

STP&I Public Company Limited
3rd Floor, Sino-Thai Tower,
32/24 Sukhumvit 21 (Asoke) Road,
Klongtoey-Nua, Wattana, BKK 10110

The Audit Committee will consider and manage such matters by directly report to the Board of Directors (without the acknowledgement of the company's executives) case by case. The company assures that whistle blowers must not be harmed according to the whistleblowing policy.

Risk Management Policy

STP & I Public Company Limited realizes the importance of risk management which is an important mechanism that helps determine strategies and operations in accordance with the objectives set by the company. The company has been identified the risks that cover Strategic Risk, Operational Risk, Financial Risk as well as the risks associated with compliance of regulations and regulations of regulatory agencies (Compliance Risk). The Company has managed risks to an acceptable level by requiring the Board of Directors, Executives and all employees in the organization to involve in management risk and to review policies and procedures to ensure they are appropriate

5) Responsibilities of the Board of Directors

The company's Board of Directors considers the size of the appropriate committee which consists of people with knowledge, experience and ability to perform their duty. The company's Board of Directors consists of 8 members which is comply with the rules that should not be less than 5 persons and should not exceed 12 people. The Board also define the independent directors qualification to ensure that it is really independent.

The company's Board of Directors consists of 8 members. Of these 8 members, 2 are managements, 3 non-management director and 3 independent directors. The proportion of independent directors is 1 to 3 of the total member of the Board of Directors. The independent directors have experience in Finance and Accounting, Laws, and Engineering which are all suitable for the Company's business. More details are addressed in the Management Structure Topic.

The Board of Directors has a framework for Executive Committees for approving normal business operations transactions regarding Authorization path. Those transactions must not be a conflict of interest and must not be a transaction that requires opinions from shareholders. In the case of investment, expanding production capacity or items that have a great impact on the company. The Executive Committee must propose to the Board of Directors for approval as required by the rules and regulations of the Securities and Exchange Commission and the Stock Exchange of Thailand

In addition, Members of the board have conducted self-assessment the performance of the board as a whole and on an individual basis, at least once a year which was held on The Board of Meeting no. 1/2022. The Company Secretary has filing all documents for records.

Authority of the Board of Directors

1. Appoint, withdraw, delegate power, duties, subcommittees and managing directors to perform regarding the Company's business
2. Consult an expert or company consultant (if any) or hire a consultant or external experts, in case of necessity, at the expense of the company
3. Approve the establishment, merger or dissolution of subsidiaries
4. Offer capital increase or decrease capital or changes in the value of shares, amendments, changes or memorandum of association Regulations and / or objectives of the company to shareholders

5. Authorize the management Executive level of the company or any other person can substitute under the scope of authority of the Board of Directors.
6. Have the power to invite the management and employees of related companies to clarify, give opinions, attend meetings or submit documents as deemed relevant.
7. Appoint and remove the company secretary

Authority of the Chairman of the Board

1. Having a duty to fulfill the objectives Company regulations and the resolution of the shareholders' meeting of the company as well as legal action Public Company Limited Act BE 2535 and the law of The Securities and Exchange Act BE 2535 and other relevant laws specifically designated as the duties of the Chairman of the Board
2. Acting as Chairman of the Board of Directors Meeting And supervise the Board of Directors' meeting to be in accordance with the Company's Articles of Association, laws and relevant good corporate governance guidelines Including having sufficient time for the meeting for the management to present the matter and the director in discussing important issues
3. Acting as the chairman of the shareholders' meeting and supervising the shareholders' meeting to be in accordance with relevant laws and good corporate governance guidelines
4. Promote, develop and supervise the performance of duties of the Board of Directors with honesty comply with the Company's code of conduct and good corporate governance principles including strengthening good relations between the directors and the management
5. Ensure that the performance of the Board of Directors is effective and achieve the main objectives and goals of the company

The term of directorship

- a. One-third of the directors must retire by rotation at the Annual General Meeting of Shareholders. If the number of directors is not a multiple of three, the number of directors closest to one-third shall retire. The retiring directors shall be eligible to be re-appointed for another term.
- b. The aforementioned retirement of Directors in year 1 and year 2 is decided by a draw. In the subsequent years, the Director who holds the longest time in office will be retired. Should there be the case when the number of Directors who holds the longest time in office is greater than the

number of Directors that have to be retired, the draw will be applied. In the retirement of such case, a Director can be reappoint for the directorship position.

Assumption of Directorship in Other Companies by Directors

The policy in the directorship of directors in other companies are clearly stated in order to ensure that the Directors have adequate contribution to the Company. The number company which the Directors hold their positions are required according to the good corporate governance policy which are;

1. To ensure that directors have sufficient time to perform their duties, the board should consider the extent to which having multiple board memberships lessens the effectiveness of directors. With a good corporate governance, The Company prohibited the Directors to hold the director positions in more than five listed companies
2. And to ensure that the Company's managing director has contributed and dedicated his/her time to the Company, the Company's managing director do not allow to hold a Managing Director in any other listed Companies.

Remuneration of Board of Directors and Management Executives

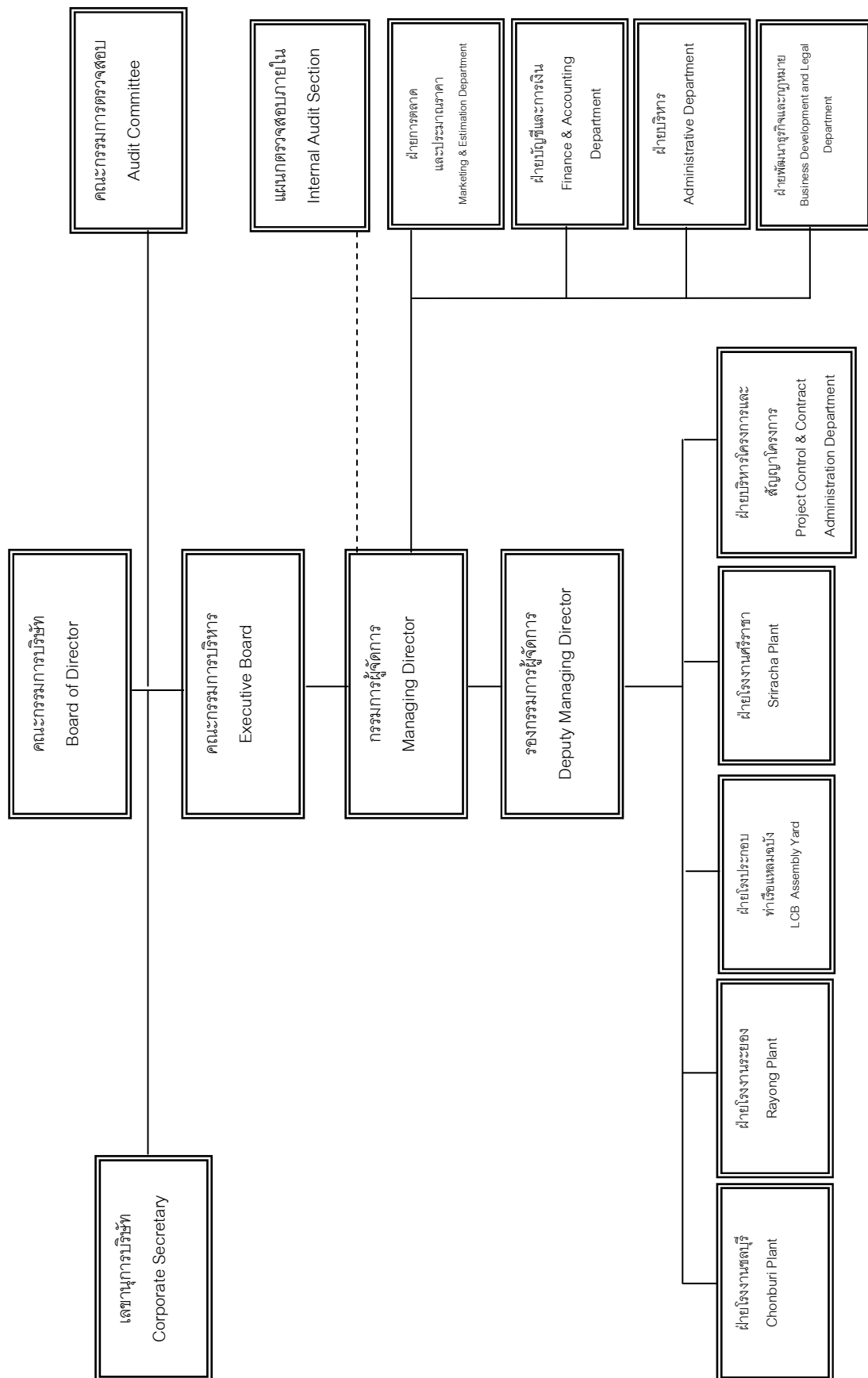
The directors remuneration are included meeting fee, annual fee, and other benefits in accordance with a resolution of the shareholders meeting. The Company has not yet established a Remuneration Committee, however, the Board of Directors has carefully considered the remuneration of the Directors and Audit Committee by comparing such with other public limited companies of a similar type and size listed on the Stock Exchange of Thailand. The Board recommended that the remuneration of the Directors and the Audit Committee of the Company should be fixed at the proposed amount. The details are shown under "Remuneration for Directors and Executive Management Section"



7. Corporate governance structure And important information about the board Sub-committees, management, employees and others

7.1 Corporate governance structure

*** The company announced an organizational structure as of 23 January 2019.



7.2 Information of The Board of Directors

● Board of Directors

According to the regulations of the company, the number of directors for the Board of Directors of the Company shall not be less than 5 persons and there shall be no less than half of the total number of directors who must have residence in the Kingdom and must have the qualifications as specified by the law. The Board of Directors meeting has at least every 3 months. The Board of Directors has the following duties:

- 1) Board of Directors have a duty to fulfill the objectives Company regulations and the resolution of the shareholders' meeting of the company as well as the implementation of relevant laws, regulations and regulations such as the Public Limited Companies Act BE 2535 and the Securities and Exchange Act BE 2535 and other related laws By using knowledge, ability and experience to benefit the business of the company
- 2) To endorse the corporate policy and its business plan
- 3) To perform in accordance with the policy effectively and allow the management to present matters that are important to the operations of the company transactions between other connected persons are considered in accordance with the rules and regulations of the Securities and Exchange Commission and the Stock Exchange of Thailand. If necessary, the Board of Directors will require an external consultant to consult and provide professional opinions in making decisions on matters that affect the business operations of the company.
- 4) Approve good corporate governance policies in writing including the policies of the company and arranging self-evaluation of the implementation of the corporate governance policy and reviewing the policy at least once a year
- 5) Approve written business ethics and allow the management to implement at the level of directors, executives and employees, as well as other policies of the company
- 6) To consider and approve the vision, mission, policy and business strategy proposed by the Executive Committee and review and approve every year
- 7) To perform that the management has implemented the business strategy plan to be effective including conveying objectives and goals through strategic plans throughout the company
- 8) To determine remuneration for the Board of Directors and sub-committees appropriately according to the principles of good corporate governance
- 9) To ensure sufficiency, efficiency and effectiveness of Corporate Internal Control System and Internal Audit System and to ensure that the Company has internal auditor to follow up and coordinate with the Audit Committee and arrange self-evaluation the sufficient of internal control system at least once a year.

- 10) Independent directors of the Company will use his / her discretion independently in determining the management strategy, appointment of directors and matters affecting the interests of the stakeholders of the company including access to financial information and other business sufficiently for the performance of duties and operating policies
- 11) To perform the self-evaluation on performance of director and performance of the Managing Director to be in accordance with the good corporate governance guidelines, along with monitoring the evaluation results and improving the work efficiency which has an excellent assessment result from the evaluation of the Board of Directors Meeting No. 1/2562
- 12) To prepare and disclose the report on the Board of Directors' Responsibility to the company's financial statements together with the Report of the Audit Committee and the Report of Independent Auditor in the Annual Report
- 13) To arrange a Non-Management Meeting every year in order to discuss and share ideas on the Company issues and problems among Non-Management Directors.

In the Annual General Meeting of shareholders, at least one-third of the directors shall retire from the office. If the number of retired directors is not dividable, the nearest number to one-third shall retire and the retiring directors may be re-elected.

The Board of Directors in 2020 and 2021 has 8 members and attended the Board of Directors' meetings as follows:

Name	Position		Number of Attendances / Number of Meetings	
	Directors	Audit Committee	2020	2021
1. Mr. Chavarat Charnvirakul	Chairman of the Board	-	9/10	4/5
2. Dr. Wicha Jiwalai	Independent Director	Chairman of The Audit Committee	10/10	5/5
3. Police General Jate Mongkolhutthi	Independent Director	Member of Audit Committee	10/10	5/5
4. Miss Sirangrong Chowwiwatana	Independent Director	Member of Audit Committee	10/10	5/5
5. Mr. Chamni Janchai	Director	-	10/10	5/5
6. Mr. Masthawin Charnvirakul	Director	-	10/10	5/5
7. Mr. Suwat Riensiriwan	Director	-	10/10	5/5
8. Mr. Choavalit Limpanich	Director	-	10/10	5/5

Authorized Directors

Mr. Chavarat Charnvirakul or Mr. Masthawin Charnvirakul has been authorized to sign and stamp, with the Company's seal.

7.3 Information about the sub-committees

- **Audit committee**

Audit Committee There are meetings at least 4 times a year. The Audit Committee performs duties within the scope of authority and responsibility as instructed by the Board of Directors. Responsible for the following duties

1. To review the Company's financial reporting process to ensure that its accuracy and adequacy
2. To review the Company's internal control system and internal audit system to ensure that they are suitable and efficient, to determine an internal audit unit's independence, as well as to approve the appointment, transfer and dismissal of the chief of an internal audit unit or any other unit in charge of an internal audit
3. To review the Company's compliance with the law on securities and exchange, the Exchange's regulations, and the laws relating to the Company's business
4. To consider, select and nominate an independent person to be the Company's auditor, and to propose such person's remuneration, as well as to attend a non-management meeting with an auditor at least once a year
5. To review the Connected Transactions, or the transactions that may lead to conflicts of interests, to ensure that they are in compliance with the law and the Exchange's regulations, and are reasonable and for the best interest of the Company
6. To prepare, and to disclose in the Company's annual report, an audit committee's report which must be signed by the audit committee's chairman and consist of at least the following information
 - an opinion on the accuracy, sufficiency and accountability of the Company's financial report,
 - an opinion on the effectiveness of the Company's internal control system,
 - an opinion on the Internal Audit in conformity with the internal audit guidelines,
 - an opinion on the compliance with the law on securities and exchange, the Exchange's regulations, or the laws relating to the Company's business,
 - an opinion on the suitability of an auditor,

- an opinion on the transactions that may lead to conflicts of interests,
 - the number of the audit committee meetings, and the attendance of such meetings by each committee member,
 - an opinion or overview comment from the audit committee's performance of duties in accordance with the charter by the self-performance appraisal,
 - other transactions which, according to the audit committee's opinion, should be informed to the shareholders and general investors, subject to the scope of duties and responsibilities assigned by the Company's board of directors; and
 - an opinion on accounting policy and the set-aside provisions and allowances duly in accordance with Thai Financial Reporting Standards (TFRS) and Key Audit Matters (KAMs).
7. To perform any other act as assigned by the Company's board of directors, with the approval of the audit committee.

Audit Committee The independent director with a total of 3 members.

First-Last Name	Title
1. Dr. Wicha Jiwalai	Chairman of the Audit Committee Independent directors who are knowledgeable in engineering which is the core business of the company.
2. Police General Jate Mongkolhutthi	Member of Audit Committee There is an independent legal knowledge.
3. Miss Sirangrong Chowwiwatana	Member of Audit Committee Being an independent director with knowledge in accounting and finance. rules and regulations of SET.

The Audit Committee consisted of 3 members and attended the Audit Committee Meetings held in 2020 and 2021 as follows:

First – Last Name	Title	Number of Attendances /	
		Number of Meetings	
		<u>2020</u>	<u>2021</u>
1. Dr. Wicha Jiwalai	Independent directors / Chairman of the Audit Committee	5/5	5/5
2. Police General Jate Mongkolhutthi	Independent directors / Member of the Audit Committee	5/5	5/5
3. Miss Sirangrong Chowwiwatana	Independent directors / Member of the Audit Committee	5/5	5/5

7.4 Information of Management

- **Executive Board**

The company has appointed Executive by definition regarding the Notification of the Securities and Exchange Commission executive means director, manager, or the first four executives succeeding the manager and every person holding the position equivalent to the fourth rank including person holding executive position in Accounting or Finance Department whose rank is not lower than departmental manager. The Management Executives are responsible for ensuring the effectiveness of the company's operation according to the company's policy. The Management Executives are also responsible for considering and screening all business matters for the Board of Directors approval as per

Executive Board and management consists of 6 persons as follows:

Name	Position
1. Mr. Masthawin Charnvirakul	Director, Executive Director and Managing Director
2. Mr. Choavalit Limpanich	Director, Executive Director and Deputy Management Director
3. LT.JG. Kitt Junsangsri	Executive Director, Marketing & Estimation Department Manager
4. Mrs. Atitaya Charnvirakul	Executive Director, Administrative Department Manager
5. Mrs. Anilrat Nitisaraj	Executive Director, Business Development & Legal Department Manager
6. Ms. Supattra Yangtrong	Executive Director, Finance & Accounting Department Manager

Managing Director

Managing Director is responsible for efficiently and effectively conducting the business under the company's policies. His scope of authority in conducting and approving any issues related to company's general administration, unless it is required by regulations or laws to be approved by the Board of Directors Meeting or shareholders' meeting. The managing director must not engage in any related transactions which may have conflict of interests with the company. The managing director shall be able to appoint other person(s) to act on his behalf to manage and conduct company's business.

Company Secretary

The Board of Directors has appointed the Secretary of the Board of Directors, with authority as follows.

1. To prepare and store the following documents :
 - List of company directors
 - Board of Directors meeting notice, Board of Directors meeting minutes, annual report
 - Shareholders' meeting notice and shareholders meeting minutes
2. To file the report of interests as informed by company directors or executives
3. To engage in other duties as required by the Equity Market Committee.

The Board of Director appointed Mrs. Atitaya Charnviakul to be a Corporate Secretary since 11th March 2008. Her qualification is shown in profiles Board of Director and Executive Board.

7.5 Information of Employees

- **Employees**

The company had/has total no. of employees in 2019 – 2021 totaling 1,766 persons, 1,471 persons, and 2,551 persons respectively. The details are as per below:

(Unit: persons)

Responsibilities	Total No. of Employees		
	2019	2020	2021
Operations staff	1,644	1,380	2,421
Support staff	132	91	130
Total	1,776	1,471	2,551

Total compensation of the employees of the group in the year 2019-2021 totaled 464 million baht, 626 million baht and 601 million baht respectively. The details are as follows:

(Unit: Baht)

Employee Classification	Employee compensation (Baht)		
	2019	2020	2021
Employee salary	399,598,573	588,450,372	525,913,309
Employee bonus	15,659,926	-	10,530,244
Provident Fund	2,420,342	2,170,927	2,147,590
Other compensation/benefits	46,673,309	55,125,984	62,700,296
Total	464,352,150	645,747,283	601,291,439

Other compensations / Fringe Benefit

- Social Security and Workmen Compensation
- Provident Fund
- Doctor and Nurse Service
- Annual Health Check up
- Group life and health insurance including accident
- Severance pay

- Training and development

The Company provides a development of staff by training both thru the outside training and on the job training. The Company has concerned that the improvement of skill and ability to work efficiency in their works, will enhance the growth of the Company and increase continuously competitiveness to the Company. For Example :

1. Leadership and Project Management
2. English for communication
3. Warehouse Management
4. Quality Control Techniques for the most efficient and the highest quality
5. Safety in the work of crane and lifting equipment.

Employee Training in 2021

Training	No. of Employee	No. of Hours	No. of Hours / No. of Employee
Staff	3,780	22,453	5.94

● Training and development for Board members and Executive

Board of Directors has a policy to promote and develop knowledge, skills, and to continually increase the views of directors. This will help the directors to lead the organization to achieve the company's objectives. There is an orientation of new directors to have knowledge and understanding of the roles and responsibilities, objectives, rules, regulations, policies and the nature of the company's business in order for all directors to continually develop and improve their works with applying their various knowledges to benefit the company in the future and able to perform duties effectively

8. Corporate Governance Report

The corporate management structure consists of 3 groups of sub-committee which are:

1. Board of Directors

The Board of Directors has contributed to the approval of policies and business plans and monitoring performance on a quarterly and also featured on the system of internal control and internal audit for the benefit of the Company and the Shareholders as a whole. The company has divided the roles and responsibilities of the Board of Directors Audit Committee and Executive Board to the shareholders clearly for independence in decision making.

Board of Directors Meetings

In 2021 the company held 5 Board of Directors meeting which was attended by company executives to discuss the topic regarding the company's Board of Directors. The Company also planned the schedule of Board Meetings for the whole year of 2022 which was agreed in the Board of Meeting. For

the best interest of the company, the Board of Directors concentrated on the Quarterly Financial Performance and the Report of Audit Committee coupled with the business risk which could affect the company's performance including the follow up of legal cases and the operation risk. During the voting the resolution in the Board of Director meeting, the Company has set up constituted quorum at 2/3 of the number of the directors. The secretary of the Board of Directors is responsible for minutes taking, distributing the meeting notifications with other relevant documents to all directors at least 7 days prior the meeting date. Minutes of the Board of Directors of Meetings were certified by the Board and filed properly as reference.

Non-Management Meeting

The Company has set up a meeting of only non-management directors in order to consider, share, and discuss on the recent activities of the Company. And also, the non-management directors shall give advises or comments issues that may effect to the performance or activities of the Company. The rules of this meeting are

- The attendee shall be non-management directors and not holding the Company's share more than 5%
- The general practice of non-management meeting shall be followed the same practice as the Board of director meeting which included inviting to the meeting and quorum. However, in some cases, there may not have the advance agendas, the purpose of the meeting is to share and give opinion on the recent activities of the Company.
- There will have at least 1 meetings per year or at the appropriate time set by the meeting chairman.

The Non-Management meeting was held once on 8th December 2021. The agendas were related to the performance of Management Executive, sharing ideas on company's events and concern issues.

2. Audit Committee

Audit Committee as an independent director and who has the knowledge and experience that would benefit the company for accounting and finance legal and its main business is engineering. Audit Committee There are meetings at least 4 times a year. The Audit Committee performs duties within the scope of authority and responsibility as instructed by the Board of Directors. In addition, the Audit Committee has appointed an internal audit person to be responsible for the performance of the internal audit function.to check the performance to make sure that the financial controls and effective operations

in accordance with the established guidelines and compliance with laws and regulations related to the company. The monitoring results will be reported directly to the Audit Committee and senior management.

The Audit Committee has the duty to consider, select and nominate an independent person to as the auditor of the company and remuneration for audit fee recruiting duties Compensation and risk management of the company 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 and prepare the Audit Committee's report and disclose it in the Company's annual report. The report must be signed by the Chairman of the Audit Committee.

The Audit Committee has also been assigned to the candidates as directors and to consider the remuneration of directors in accordance with the guidelines of the Stock Exchange of Thailand to present to the Board of Directors for approval.

3. Executive Board

The company has appointed executives according to the definition of The Securities and Exchange Commission, Thailand Executive means the manager or the first four management-level positions after the manager down. every person holding a position equivalent to the fourth executive level position and shall include persons holding managerial positions in accounting or finance who are department manager or above or equivalent. Being the Executive Management of the Company Responsible for overseeing the Company's operations to ensure efficiency in accordance with the policy, financial management and scrutinize matters to be presented to the Board for consideration. Other actions as assigned by the Board of Directors. The Executive Committee has conducted the Code of Conduct performance assessment form and has compiled and summarized the results of the assessment by the Company Secretary.

Selection of Directors, Independent Directors and Management Executives

1. Independent Directors

Independent Director of the Company is the feature meets the regulations of the Securities and Exchange Commission as follows.

- Holding shares no more than 1 per cent of paid-up capital of the company, affiliated company, associated company or related company, which shall be inclusive of the shares held by related persons.
- Being a director who does not take part in the management of the company, affiliated company, associated company, related company or majority shareholder of the company. Not being an employee, staff member or advisor who receives a regular salary from the company, affiliated company, associated company, related company or majority shareholder of the company
- Being a director who has no direct or indirect benefit or interest in finance and management of the company, affiliated company, associated company or majority shareholder of the company. Being a director who has no benefit or interest of the said nature during the period of 1 year before his appointment as a member of the Audit Committee except where the Board of Directors has carefully considered that such previous benefit or interest does not affect the performance of duties and the giving of independent opinions.
- Being a director who is not a related person or close relative of any management member or majority shareholder of the company.
- Being a director whom is not appointed as a representative of the company's directors, majority shareholders or shareholders who are related to the company's majority shareholders.

Independent directors can perform their duties. Comment or report on the performance of duties as assigned by the Board of Directors of the company independently without being under the influence of directors Executive Management Officer or major shareholders of the company. Including related persons or close relatives of the above persons. Be familiar with the presumptuous or for any reason can not be compelled to comment as they could be.

2. Selection Directors and Management Executives

The company has not formed the Selection Committee to appoint the Directors. The directors have been selected by considering each individual qualification to fit the Board of Directors roles and responsibilities. Member of the Board of Directors will be selected from qualified persons and propose to the annual general meeting of shareholders to consider the appointment by resolution. The rights of shareholders can be defined as following:

- 1.1 One-share one-vote basis will be applied.

- 1.2 Each shareholder has to use up his votes for director appointment.
- 1.3 The nominees whose votes are chronological order ranging from the top to the last shall be elected as a Director.

In addition to the aforementioned features The company has the criteria for selecting independent directors. There must be an independent director who has knowledge, understanding and experience in accounting and finance to be able to serve as member of the audit committee. The company currently has 3 independent directors or one-half of the total Directors.

Detail on shares holding of each Director as of December 31, 2021

No.	Directors	Position	Number of Shares December 31, 2020	Number of Shares December 31, 2021	Increase/ (Decrease) in 2021	Proportion of Total Shares
1.	Mr.Chavarat Chamvirakul	Chairman of the Board	56,906,765	56,906,765	-	3.50%
	Spouse		-	-	-	-
	Minor Children		-	-	-	-
2.	Dr. Wicha Jiwalai	Independent Director and Chairman of the Audit Committee	-	-	-	-
	Spouse		-	-	-	-
	Minor Children		-	-	-	-
3.	Police General Jate Mongkolhutthi	Independent Director and Member of Audit Committee	-	-	-	-
	Spouse		-	-	-	-
	Minor Children		-	-	-	-
4.	Miss Sirangrong Chowiwatana	Independent Director and Member of Audit Committee	-	-	-	-
	Spouse		-	-	-	-
	Minor Children		-	-	-	-

No.	Directors	Position	Number of Shares December 31, 2020	Number of Shares December 31, 2021	Increase/ (Decrease) in 2021	Proportion of Total Shares
5.	Mr. Chamni Janchai *acquisition through Mrs. La-Ong Thongsuk and Ms. Panyada Ployprapath's Account as a nominee of the Director	Director	21,892,433	21,892,433	-	1.35%
	Spouse		-	-	-	-
	Minor Children		-	-	-	-
6.	Mr. Masthawin Charnvirakul	Director, Executive Director and Managing Director	-	-	-	-
	Spouse		-	-	-	-
	Minor Children		-	-	-	-
7.	Mr. Suwat Riensiriwan	Director	-	-	-	-
	Spouse		-	-	-	-
	Minor Children		-	-	-	-
8.	Mr. Choavalit Limpanich	Director, Executive Director and Deputy Managing Director	64,899,995	64,899,995	-	3.99%
	Spouse		-	-	-	-
	Minor Children		-	-	-	-
9.	LT. JG. Kitt Junsangsri	Executive Director and Marketing & Estimation Department Manager	16,224,995	16,224,995	-	1.00%
	Spouse		-	-	-	-
	Minor Children		-	-	-	-

No.	Directors	Position	Number of Shares December 31, 2020	Number of Shares December 31, 2021	Increase/ (Decrease) in 2021	Proportion of Total Shares
10.	Mrs. Anilrat Nitisaroj	Executive Director and Business Development & Legal Department Manager	-	-	-	-
	Spouse		67,486,724	67,486,724	-	4.15%
	Minor Children		-	-	-	-
11.	Mrs. Atitaya Charnvirakul	Executive Director, Administrative Department Manager and Corporate Secretary	-	-	-	-
	Spouse		-	-	-	-
	Minor Children		-	-	-	-
12.	Ms. Supattra Yangtrong	Executive Director and Finance & Accounting Department Manager	2,000	2,000	-	0.00012
	Spouse		-	-	-	
	Minor Children		-	-	-	
13.	Mr. Thammanoon Narind	Fabrication Plants Department Manager (Chonburi and Sriracha)	-	-	-	-
	Spouse		-	-	-	-
	Minor Children		-	-	-	-

No.	Directors	Position	Number of Shares December 31, 2020	Number of Shares December 31, 2021	Increase/ (Decrease) in 2021	Proportion of Total Shares
14.	Mr. Supot Pongtong	Fabrication Plants Department Manager (Rayong and Assembly Yard at Laem Chabang)	-	-	-	-
	Spouse		-	-	-	-
	Minor Children		-	-	-	-
15.	Mr. Tawan Chaisomtip	Project Control & Contract Administrative Department Manager	-	-	-	-
	Spouse		-	-	-	-
	Minor Children		-	-	-	-

● **Remuneration for Directors and Executive Management**

Board of Directors and Audit Committee – 2020 and 2021 Remuneration

Name	Meeting Compensation (Baht)				Remuneration (Baht)		Total	
	Board of Director		Audit committee		Board of Director			
	2020 (10 Meetings)	2021 (5 Meetings)	2020 (5 Meetings)	2021 (5 Meetings)	2020	2021		
1. Mr. Chavarat Charnvirakul	360,000	160,000	-	-	1,000,000	905,000	1,360,000	1,065,000
2. Dr.Wicha Jiwalai	300,000	150,000	200,000	200,000	1,000,000	905,000	1,500,000	1,255,000
3. Pol. Gen. Jate Mongkolhuththi	300,000	150,000	150,000	150,000	1,000,000	905,000	1,450,000	1,205,000
4. Mr. Chamni Janchai	300,000	150,000	-	-	1,000,000	905,000	1,300,000	1,055,000
5. Miss Sirangrong Chowiwatana	300,000	150,000	150,000	150,000	1,000,000	905,000	1,450,000	1,205,000
6. Mr. Masthawin Charnvirakul	300,000	150,000	-	-	1,000,000	905,000	1,300,000	1,055,000
7. Mr. Suwat Riensiriwan	300,000	150,000	-	-	1,000,000	905,000	1,300,000	1,055,000
8. Mr. Choavalit Limpanich	300,000	150,000	-	-	1,000,000	905,000	1,300,000	1,055,000
Total of Director Payment	2,460,000	1,210,000	500,000	500,000	8,000,000	7,240,000	10,960,000	8,950,000

Total remuneration in 2019 – 2021 were paid under salary and bonus of 31,452,555 Baht 18,863,370 Baht, and 21,313,710 Baht respectively.

(Unit: Baht)

Remuneration	2019	2020	2021
Salary	19,578,520	18,863,370	18,141,120
Bonus	11,874,035	-	3,172,620
Total Payment	31,452,555	18,863,370	21,313,740
Provident Fund	641,804	683,724	679,147
No. of Executives(Payroll)	10 Person	9 Person	9 Person

Remark : The company has provided a provident fund by participate at the rate of 5% of the salary

Policy on the Company's subsidiaries and related company

The Board of Directors defines the important of subsidiaries management in order to commit the highest benefit for all parties;

1. the Company will appoint a representative to be either a director/authorized director or management member which depending on the type of businesses.
2. Determination of the scope of responsibility of the subsidiary's management In accordance with civil and commercial law compliance with the regulations of the Stock Exchange of Thailand the transactions between the said company and the connected person acquisition or disposition of assets Which is the same criteria as that of the company
3. In addition, the company has provided business policies of subsidiaries and associated companies. In accordance with the principles of good corporate governance and business ethics

Details of the subsidiary's directors have been disclosed in Appendix 2.

Internal Information Disclosure and Usage Policy

The Board of Directors defines the importance of corporate good governance in written in order to gain the company's sustainable growth and management efficiency. The review of sufficient internal control system has been performed annually since 2002 in order to ensure the efficient company's operations, and supervising the executives to obtain the management efficiency. The company disclosed all information required by SET in bilingual (Thai and English) via the company's website.

Additionally, the company specified that all members of the Board of Directors and Management Executives must disclose the numbers of shares they held in accordance with the Securities & Exchange Act B.E. 2535 Section 59. The company also delivers all information obtained from the SET and the SEC to the Board of Directors and Management Executive.

The company has its obvious policy in accordance with the internal information disclosure and usage policy. To prevent the conflict of interests by pirating information that had been disclosed or brought for disclosure or used for own benefit, The company has come up with the rules to prevent the usage of internal data for personal benefits of the Board of Directors executives and employees., thus, to protect the investment of shareholders and assets of the company. In any case, the executives, or any staff / employees who are in breach of these regulations, he/she shall be punished in accordance with the rules and regulations of the company and shall receive the punishment as prescribed by the related law, in all respects. The management has informed all directors about the Blackout period policy setting and compliance with the said policy.

9. Internal control and related transactions

9.1 Internal control

The Board of Directors has set the internal control guidelines according to COSO international standards (Internal Control Integrated Framework) as a guideline for the Company's operations including an assessment of the internal control system using the internal control system adequacy assessment form provided by the Securities and Exchange Commission, which is consistent with the internal control guidelines according to COSO international standards in 5 aspects are as follows:

1. Control Environment

The Company is committed to conducting business in an ethical manner taking into account fairness to trade partners or related parties. It has established various policies and practices such as Business Ethics Policy, Good Corporate Governance Policy, Anti-Corruption and Corruption Policy, Corporate Risk Management Policy, Whistleblowing Policy and Whistleblower Protection Measures enabling executives and employees at all levels in the organization to comply with the Company's code of conduct. The directors and senior management act as a good role model and conduct annual reviews of policies to keep them up to date and in line with the Company's operations.

2. Risk assessment

The Company conducts a risk assessment and establishes a risk management approach to an acceptable level and reviews when those factors change. Risk identification is considered to cover all aspects, including: Strategic, financial, operational, and regulatory risks of the regulators.

3. Control Activities

The Company has established policies and procedures that are appropriate for each work system, including policies covering the Company's main activities such as anti-corruption and anti-corruption policy. The Company has regularly reported operating results for the management to use as appropriate information in making business decisions. The management structure has been defined to divide the duties and responsibilities of each department, an approval limit has been set in writing, and there is a standardized operating system such as the ISO 9001 quality management system. This is for the management and employees at all levels to acknowledge and use as information in their operations.

In addition, the company has set up a financial internal control system with a budgeting system and monthly performance reports presented to the executive in the department on a regular basis.

4. Information and communication systems

The company requires the development and improvement of its information systems and data systems continuously to cover all work processes and to support the Company's business operations. In addition, executives and employees at all levels are emphasized to be careful in using information as specified in the information and data security policy

5. Monitoring System

- In assessing the sufficiency of the internal control system in accordance with the resolution of the Board of Directors' Meeting No. 1/2022 on March 11, 2022, 8 members of the Board of Directors attended the meeting, including 3 independent directors and members of the Audit Committee. With information from the management, it was concluded that the Company has sufficient and appropriate internal control and audit systems regarding internal control adequacy assessment according to the form provided by the Office of the Securities and Exchange Commission.

- The Company has established an internal audit department that operates independently of the management responsible for monitoring the implementation of policies, regulations, manuals set by the Company and reporting the results directly to the Audit Committee along with providing advice, recommendations to various departments to comply with the policies, regulations and manuals set by the Company.

At the Audit Committee Meeting No. 1/2021 on March 1, 2021, Mrs. Ramrada Khangrang was appointed as Head of Internal Auditor of the Company, which has been effective date as of March 1, 2021. Mrs. Ramrada Khangrang possesses more than 10 years of experience as an internal auditor for companies that are similar to that of the Company and has a good understanding of the activities and operations of the Company. Therefore, it is seen that she is appropriate to perform the internal audit duties to audit the operations in order to ensure that the major works and financial activities are performed in accordance with the established guidelines and approval procedures Including auditing of compliance with laws and regulations relevant to the company and reporting results of such audits directly to the audit committee and top management.

The consideration and approval, appointment, removal, transfer of the head of the Company's internal audit department must be approved (or has been approved) by the Audit Committee. The qualifications of the Internal Audit Supervisor are shown in Appendix 3.

9.2 Related Parties Transaction

1. The conflict of interests with connected person

Subsidiary Companies Joint venture Associated Company and Related Companies

Related company means the company that STP&I is the major shareholder or are controlled by STP&I and/or the company that has common shareholder(s)/director(s) with STP&I.

a) Subsidiary Companies

Company Name	Type of Business	Relationship	Paid-Up Capital (Baht)	% of Shares	Investment (Cost Price) (Baht)
STIT Co., Ltd.	Manufacture, sale and rental of construction equipment	100% owned subsidiary of STP&I Common Directors	135,000,000	100	135,000,000
STIT 2011 Co., Ltd.	Sales and rental of construction equipment	100% owned subsidiary of STIT	66,033,000	100	23,060,000

Company Name	Type of Business	Relationship	Paid-Up Capital (Baht)	% of Shares	Investment (Cost Price) (Baht)
STP&I Services Co., Ltd.*	Construction services	100% owned subsidiary of STP&I Common Directors	410,000,000	100	21,761,200
WPGE Phetchaburi Co., Ltd.*	Production and distribution of electricity generated from waste and municipal solid waste management	60% owned subsidiary of STPS Common Directors	700,000,000	60	840,000,000
ST Property & Logistics Co., Ltd.**	Property Development and Logistics service	100% owned subsidiary of STP&I	440,000,000	100	440,000,000
Fill Up Network Co., Ltd.***	Community automated gas station	100% owned subsidiary of STP&I Common Directors	500,000,000	100	422,450,000
ST Hill Co., Ltd.****	Property development	100% owned subsidiary of STPL	30,000,000	100	404,099,047
ST Hub Co., Ltd.****	Property development	100% owned subsidiary of STPL	30,000,000	100	116,922,221
Cannatory Co., Ltd.	Hemp Products	100% owned subsidiary of STP&I Common Directors	5,000,000	100	5,000,000

* On November 5, 2016, STPS acquired 42,000,000 ordinary shares of WPGE Phetchaburi Co., Ltd. from the existing shareholders, for a total of Baht 840 million. As a result, the Company has 60% interest in the equity interest of such company.

** On October 16, 2017, STP&I invested in ST Property & Logistics Co., Ltd. (STPL), a newly established company for a total Baht 1 million. In 2018, STPL increased registered and paid-up share capital from Baht 1 million to Baht 440 million. STP&I had 100% holding in such company.

*** On December 25, 2020, the Company purchased 30% of ordinary shares of Fill Up Network Co., Ltd. from the non-controlling shareholder (Central Oil Group Co., Ltd.) at a price of Baht 72.5 million, Therefore the Company own 100% of shares in Fill Up Network Co., Ltd.

**** On 28 June 2019, ST Property and Logistics Company Limited purchased ordinary shares of Boutique Prakanong 1 Limited and Boutique Prakanong 2 Limited (both companies with registered capital of Baht 30 million) from the existing shareholders at the price of Baht 404 million and Baht 117 million, respectively, representing 100% of the registered capital of both companies. Later, on August 5, 2019, both companies had registered the changes of their name to ST Hill Company Limited and ST Hub Company Limited, respectively.

b) Associated Company

Company Name	Type of Business	Relationship	Paid-Up Capital (Baht)	% of Holding STP&I Shares
KTBST Mixed Leasehold Real Estate Investment Trust	Real Estate Investment Trust	Major shareholders by STP&I and STPL (over 20% but less than 50% of total shares)	3,015,000,000	-

c) Related Companies

Company Name	Type of Business	Relationship	Paid-Up Capital (Baht)	% of Holding STP&I Shares
Sino-Thai Engineering and Construction Public Company Limited	Construction	Common Directors	1,525,106,540	-
HTR Corporation Limited	Office building for rent	Subsidiary of Sino-Thai Engineering and Construction Public Company Limited	500,000,000	-
Wisdom Services Co., Ltd.	Rental of machinery and construction equipment	Subsidiary of Sino-Thai Engineering and Construction Public Company Limited	2,211,000,000	-
WP Green Energy Co., Ltd.	Business relate to generate and sell electricity	Common Director of WPP	100,000,000	-

d) Related Party Transactions as of December 31, 2021

(Unit: Million Baht)

Company Name	Transaction			
	Revenue Type	Amount	Expense Type	Amount
Related Companies				
- Sino-Thai Engineering and Construction Public Company Limited	Sales and Services	181.20	Rental and Service expenses	0.04
- HTR Corporation Limited	None	-	Rental and Service expenses	6.7
- Wisdom Services Co., Ltd.	None	-	None	-
- WP Green Energy Co., Ltd.	None	-	None	-
Total		181.20		6.74
Subsidiaries				
- STIT Co., Ltd.	Other income	1.03	Goods Rental and Service expenses	0.09 0.06
- STIT 2011 Co., Ltd.	Sales and Services	0.03	None	-
- STP&I Services Co., Ltd.	Sales and Service	0.12	None	-
- WPGE Phetchaburi Co., Ltd.	Interest income	46.60	None	-
- ST Property & Logistics Co., Ltd.	Sales and Service Interest income Other income	0.27 7.8 1.89	None	-
- Fill Up Network Co., Ltd.	Sales and Service	0.16	Goods Interest expense	0.03 0.35
- ST Hill Co., Ltd.	None	-	None	-
- ST Hub Co., Ltd.	None	-	None	-
- Cannatory Co., Ltd.	Sales and Service Other income	0.17 0.53	None	-
Total		58.60		1.42

Company Name	Transaction			
	Revenue Type	Amount	Expense Type	Amount
Associated Company				
- KTBST Mixed Leasehold Real Estate Investment Trust	Selling property for investment Management	1,068.00	Service Fee	4.69
	Fee on Real Estate Management	1.91		
	Rental income	6.17		
Total		1,076.08		4.69

Necessity of the related transactions

Transactions between the company and its subsidiaries, affiliates and/or related companies have been done by taking consideration to the best interest of the Company. The transactions were normal course of business and undertaken on competitive basis. The pricing was comparable to market prices and same conditions with other third parties.

Approval procedure related Transactions

For transactions between the Company and its subsidiaries, affiliates, related companies or any persons who might have conflict of interest, the Company complied with rules and regulations of the Stock Exchange of Thailand (SET) not to allow such shareholders or management or director to take part in the approval process.

Connected Transactions Policy

For future related transactions that will be incurred in accordance with the normal business of the Company and have general terms and conditions, the Company has established the policy to ensure that pricing must be in line with market rate and with the same conditions to other third parties. The transactions will be fairly practiced and for the mutual benefit of the Company and its subsidiaries, affiliates and/or related companies.

For other related transactions without specific terms of trade, the Company shall appoint the Audit Committee to give opinion on necessity and reasonableness of such transaction and shall comply with the laws concerning securities and stock exchange and the regulations, announcement, orders or requirements of the Stock Exchange of Thailand as well as the requirements concerning the disclosure of the related and the acquisition and disposal of the material assets of the Company. In case that the transactions are not in the expertise of the Audit Committee, the Company may appoint experts to give opinion to the Board of Directors or shareholders as the case may be. Any person who might have conflict of interest shall not be allowed to

take part in the approval process. In addition, the Company has disclosed the related transactions in the note of our audited financial statements.

Report on Interest of Directors, Executives and Related Persons

To comply with the announcement Tor.Jor.2/2552 (2009) of Capital Market Supervisory Board and Section 89/14 of the Securities and Exchange Act B.E. 2535 (1992) as amended by the Securities and Exchange Act (No.4) B.E. 2551 (2008), the Board of Directors mandate directors and executives to disclose his interest or his related person's interest that may have conflict with the Company or its subsidiary for the purpose of Conflict of Interest monitoring to the Company. The Board of Directors also assigned the Company Secretary to keep the original reports and copy to the Chairman of the Board and the Chairman of Audit Committee.

3

Part 3

Financial Statement



■ Independent Auditor's Report ■

Independent Auditor's Report

To the Shareholders of STP&I Public Company Limited

Opinion

I have audited the accompanying consolidated financial statements of STP&I Public Company Limited and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2021, and the related consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and have also audited the separate financial statements of STP&I Public Company Limited for the same period.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of STP&I Public Company Limited and its subsidiaries and of STP&I Public Company Limited as at 31 December 2021, 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 Financial Statements* section of my report. I am independent of the Group in accordance with the Code of Ethics for Professional Accountants as issued by the Federation of Accounting Professions as relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of Matter

I draw attention to Note 37.5 to the financial statements. In 2019, the subsidiary was involved in the dispute with the contractor hired for the design and construction of the waste-to-energy plant and a civil lawsuit brought by another building contractor. The dispute and lawsuit are under consideration of the arbitral tribunal and the Court of Appeal. My opinion is not modified in respect of this matter.

Key Audit Matters

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

I have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report, including in relation to these matters. Accordingly, my audit included the performance of procedures designed to respond to my assessment of the risks of material misstatement of the financial statements. The results of my audit procedures, including the procedures performed to address the matters below, provide the basis for my audit opinion on the accompanying financial statements as a whole.

Key audit matters and how audit procedures respond for each matter are described below.

Revenue and costs from fabrication work

The Company has disclosed its policy on recognition of revenue and costs from fabrication work in Note 4.1 to the financial statements. I focused my audit on revenue recognition and estimation of budget costs and possible losses from fabrication work, because the processes of measurement, determination of the appropriate timing of revenue and cost recognition, and the possible losses, are areas requiring management to exercise significant judgment in assessing the percentage of completion (with reference to estimates made by project engineers), estimating service costs throughout the project, assessing the probability of loss and measuring possible loss. Therefore, there are risks with respect to the amount and timing of the recognition of revenue and costs and the estimation of possible losses from fabrication work.

I assessed and gained an understanding of the methods and procedures used by the Company to evaluate the percentage of completion, estimate total costs throughout the project and estimate possible losses. I tested the Company's key internal controls relevant to revenue recognition from fabrication work, estimation of budget costs and recognition of construction materials, labor and subcontract work and overhead costs. I also reviewed the rationale for the conclusion reached through a comparison of the percentage of completion, with reference to the estimates made by the project engineer, to the ratio of up-to-date actual costs and budgets throughout the project. I examined actual costs by checking related documents, on a sampling basis. Moreover, I evaluated the estimation of possible losses by the management through an analysis of the ratio of actual costs to budgeted costs by significant cost components. I also performed an analytical review on increases and decreases in the revenues and gross margins from provision of services by project.

Impairment of rights to produce and sell electricity from municipal waste and power plant under construction

As discussed in Note 20 to the financial statements, in 2019, the subsidiary temporarily suspended the construction of a waste-to-energy plant due to the dispute with the design and construction contractors, resulting in the production and distribution of the electricity falling behind schedule. The Group has rights to produce and sell the electricity from municipal waste in the consolidated financial statements as of 31 December 2021 amounting to Baht 434 million and the net book value of the power plant under construction as of 31 December 2021 amounting to Baht 1,487 million, presented in property, plants and equipment in the consolidated financial statements. I focused my audited on the impairment of rights to produce and sell electricity from municipal waste and power plant under construction of the Group since this account requires judgement of the management involved in the consideration of disputes and forecast of the future performance of assets, including the determination of discount rates and significant assumptions which cause a risk relating to the allowance for impairment of the account.

I inquired the management and the legal department of the Group regarding the resolution of disputes, reviewed relevant contractual conditions to gain an understanding of the disputes and sent a confirmation letter to the subsidiary's external legal counsel seeking a report on the disputes. I assessed their knowledge, ability, independence and expertise in accordance with relevant audit standards. In addition, I tested significant assumptions applied by the management in preparing estimates of cash flows expected to be realised from the assets in the future, by comparing those assumptions to information from both internal and external sources of the Group, in order to evaluate the exercise of management judgment in estimating the cash flow projections. I also evaluated the discount rates applied by the management through analysis of the weighted average cost of capital of the entity and industry, and tested the calculation of the realisable values of the assets using the selected financial models.

Other Information

Management is responsible for the other information. The other information comprise the information included in annual report of the Group, but does not include the 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 financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

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

When I read the annual report 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.

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

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

In preparing the financial statements, management is responsible for assessing the 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 Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 judgement and maintain professional skepticism throughout the audit. I also:

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 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 entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

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

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

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

I am responsible for the audit resulting in this independent auditor's report.

Natthawut Santipet

Certified Public Accountant (Thailand) No. 5730

EY Office Limited

Bangkok: 28 February 2022

■ STP&I Public Company Limited and its subsidiaries ■

Statements of financial position

AS AT 31 DECEMBER 2021

(Unit: Baht)					
	Note	Consolidated financial statements		Separate financial statements	
		2021	2020	2021	2020
Assets					
Current assets					
Cash and cash equivalents	7	980,442,863	486,678,856	837,080,519	331,705,319
Trade and other receivables	6, 9	483,407,501	326,142,265	450,837,972	285,405,745
Contract assets					
Unbilled receivables	10	484,909,255	493,462,410	484,909,255	493,462,410
Retention receivables	10	25,120,118	18,158,276	25,120,118	18,158,276
Short-term loans to subsidiary	6	-	-	520,000,000	520,000,000
Inventories	11	528,333,275	400,513,545	365,544,046	222,331,839
Advances payment to suppliers and contractors		21,502,059	4,240,587	20,804,472	3,088,101
Other current financial assets	8	2,269,931,656	2,073,374,652	1,805,586,183	1,814,207,300
Other current assets	12	175,754,295	182,542,830	32,416,567	50,625,497
Total current assets		4,969,401,022	3,985,113,421	4,542,299,132	3,738,984,487
Non-current assets					
Restricted bank deposits	13	73,876,401	850,972,558	23,000,000	799,552,400
Other non-current financial assets	14	246,074,810	191,218,513	245,994,448	191,138,151
Investments in subsidiaries	15	-	-	829,934,310	839,603,405
Investments in associate	16	827,664,341	-	276,441,845	-
Long-term loans to subsidiary	6	-	-	1,061,000,000	1,027,600,000
Long-term loan to other company	17	80,000,000	80,000,000	80,000,000	80,000,000
Investment properties	18	2,497,482,800	4,147,099,802	349,214,805	29,498,000
Property, plant and equipment	19	2,422,458,166	2,850,554,563	640,787,169	989,054,036
Rights to produce and sell electricity from municipal waste	20	434,297,806	434,297,806	-	-
Other intangible assets		12,203,828	15,354,169	11,135,160	13,797,477
Deferred tax assets	29	36,526,526	59,527,509	31,798,608	38,153,720
Other non-current assets		78,139,040	53,425,971	34,891,861	23,985,547
Total non-current assets		6,708,723,718	8,682,450,891	3,584,198,206	4,032,382,736
Total assets		11,678,124,740	12,667,564,312	8,126,497,338	7,771,367,223

The accompanying notes are an integral part of the financial statements.

■ STP&I Public Company Limited and its subsidiaries ■

Statements of financial position (continued)

AS AT 31 DECEMBER 2021

(Unit: Baht)					
		Consolidated financial statements		Separate financial statements	
	Note	2021	2020	2021	2020
Liabilities and shareholders' equity					
Current liabilities					
Short-term loans from financial institutions	21	100,000,000	888,740,000	-	-
Trade and other payables	6, 22	491,745,283	312,742,047	241,818,038	137,705,048
Contract liabilities					
Advances received from customers	10	145,948,301	150,792,413	138,830,185	141,851,691
Revenue from fabrication work received in advance	10	115,599,193	106,022,741	115,599,193	106,022,741
Current portion of advance rental income	6, 18	56,135,670	12,218,805	-	-
Current portion of long-term loans from					
financial institutions	23	172,044,000	231,399,996	144,000,000	144,000,000
Current portion of lease liabilities	24	26,667,560	41,387,969	10,146,265	10,069,097
Income tax payable		196,911	2,964,371	-	-
Provision for losses on fabrication work		-	41,678,225	-	41,678,225
Other current liabilities		61,017,784	32,460,436	50,197,579	17,551,362
Total current liabilities		1,169,354,702	1,820,407,003	700,591,260	598,878,164
Non-current liabilities					
Long-term loans from financial institutions					
- net of current portion	23	773,560,000	1,595,300,010	548,000,000	692,000,000
Lease liabilities - net of current portion	24	246,483,941	1,250,073,507	35,276,164	4,819,428
Provision for long-term employee benefits	25	68,854,263	53,236,648	64,525,082	49,697,308
Advance rental income	6, 18	1,208,931,399	-	-	-
Deferred tax liabilities	29	201,243,090	91,030,467	-	-
Deposit from long-term lease agreements		913,191	66,176,576	-	-
Other long-term provision		25,257,650	25,257,650	-	-
Other non-current liabilities	6	27,024,086	95,095,480	-	2,582,700
Total non-current liabilities		2,552,267,620	3,176,170,338	647,801,246	749,099,436
Total liabilities		3,721,622,322	4,996,577,341	1,348,392,506	1,347,977,600

The accompanying notes are an integral part of the financial statements.

■ STP&I Public Company Limited and its subsidiaries ■

Statements of financial position (continued)

AS AT 31 DECEMBER 2021

(Unit: Baht)					
		Consolidated financial statements		Separate financial statements	
	<u>Note</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Shareholders' equity					
Share capital					
Registered					
1,624,838,400 ordinary shares of Baht 0.25 each		406,209,600	406,209,600	406,209,600	406,209,600
Issued and fully paid up					
1,624,831,478 ordinary shares of Baht 0.25 each		406,207,870	406,207,870	406,207,870	406,207,870
Premium on ordinary shares		1,356,908,662	1,356,908,662	1,356,908,662	1,356,908,662
Premium on treasury shares		96,309,692	96,309,692	96,309,692	96,309,692
Retained earnings					
Appropriated - statutory reserve	26	40,629,710	40,629,710	40,629,710	40,629,710
Appropriated - treasury shares reserve	27	120,754,972	120,754,972	120,754,972	120,754,972
Unappropriated		5,789,457,101	5,469,161,958	4,852,202,086	4,509,371,914
Treasury shares	27	(120,754,972)	(120,754,972)	(120,754,972)	(120,754,972)
Other components of shareholders' equity		25,846,812	13,961,775	25,846,812	13,961,775
Equity attributable to owners of the Company		7,715,359,847	7,383,179,667	6,778,104,832	6,423,389,623
Non-controlling interests of the subsidiaries		241,142,571	287,807,304	-	-
Total shareholders' equity		7,956,502,418	7,670,986,971	6,778,104,832	6,423,389,623
Total liabilities and shareholders' equity		11,678,124,740	12,667,564,312	8,126,497,338	7,771,367,223

The accompanying notes are an integral part of the financial statements.

■ STP&I Public Company Limited and its subsidiaries ■

Statements of comprehensive income

FOR THE YEAR ENDED 31 DECEMBER 2021

(Unit: Baht)					
	Consolidated financial statements		Separate financial statements		
	Note	2021	2020	2021	2020
Profit or loss:					
Revenues					
Revenue from fabrication work		1,269,671,257	994,982,754	1,269,671,257	994,982,754
Sales and services income		770,311,550	477,163,854	327,890,293	84,502,780
Revenue from rental of real estates		218,707,741	291,245,949	-	-
Dividend income	8, 14	25,531,380	25,272,256	25,531,380	25,272,256
Gain on sales of investment properties	18	136,309,622	-	-	-
Other income	30	271,438,149	112,684,670	246,303,738	111,435,277
Total revenues		2,691,969,699	1,901,349,483	1,869,396,668	1,216,193,067
Expenses					
Cost of fabrication work		1,191,367,329	1,173,397,871	1,192,503,369	1,174,933,113
Factory overhead expenses not allocated to					
cost of fabrication work		172,365,537	222,167,846	172,365,537	222,399,099
Cost of sales and services		464,998,344	366,515,150	108,016,228	64,110,319
Cost of rental of real estates		89,057,196	146,244,271	-	-
Selling and distribution expenses		7,062,418	13,807,258	-	-
Administrative expenses		331,382,476	352,425,485	108,997,492	104,458,519
Other expenses	31	8,255,257	794,965,275	22,083,661	269,003,161
Total expenses		2,264,488,557	3,069,523,156	1,603,966,287	1,834,904,211
Operating profit (loss)		427,481,142	(1,168,173,673)	265,430,381	(618,711,144)
Share of profit from investments in associate	16	4,363,351	-	-	-
Finance income		61,852,748	80,736,755	112,902,546	133,114,639
Finance cost	32	(77,577,536)	(91,024,128)	(32,118,903)	(37,016,959)
Profit (loss) before income tax		416,119,705	(1,178,461,046)	346,214,024	(522,613,464)
Income tax benefit (expenses)	29	(142,489,295)	78,226,333	(3,383,852)	(15,626,573)
Profit (loss) for the year		273,630,410	(1,100,234,713)	342,830,172	(538,240,037)

The accompanying notes are an integral part of the financial statements.

■ STP&I Public Company Limited and its subsidiaries ■

Statements of comprehensive income (continued)

FOR THE YEAR ENDED 31 DECEMBER 2021

(Unit: Baht)					
	Consolidated financial statements		Separate financial statements		
	Note	2021	2020	2021	2020
ther comprehensive income:					
ther comprehensive income not to be reclassified					
to profit or loss in subsequent periods					
ctuarial loss - net of income tax		-	(8,210,311)	-	(7,768,864)
ain (loss) on investments in equity designated at fair value					
through other comprehensive income - net of income tax		11,885,037	(18,619,768)	11,885,037	(18,619,768)
ther comprehensive income for the year		11,885,037	(26,830,079)	11,885,037	(26,388,632)
otal comprehensive income for the year		285,515,447	(1,127,064,792)	354,715,209	(564,628,669)
rofit (loss) attributable to:					
quity holders of the Company		320,295,143	(836,675,746)	342,830,172	(538,240,037)
on-controlling interests of the subsidiaries		(46,664,733)	(263,558,967)		
		273,630,410	(1,100,234,713)		
otal comprehensive income attributable to:					
quity holders of the Company		332,180,180	(863,505,825)	354,715,209	(564,628,669)
on-controlling interests of the subsidiaries		(46,664,733)	(263,558,967)		
		285,515,447	(1,127,064,792)		
arnings per share	33				
asic earnings (loss) per share					
Profit (loss) attributable to equity holders of the Company		0.20	(0.52)	0.21	(0.33)

The accompanying notes are an integral part of the financial statements.

STP&I Public Company Limited and its subsidiaries

Statements of changes in shareholders' equity

FOR THE YEAR ENDED 31 DECEMBER 2021

Consolidated financial statements													(Unit: Baht)
Equity attributable to owners of the Company													
Note	Issued and fully paid-up share capital	Premium on ordinary shares	Premium on treasury shares	Retained earnings			Other components of shareholders' equity			Total equity attributable to owners of the Company	Equity attributable to non-controlling interests of the subsidiaries	Total	
				Statutory reserve	Appropriated	Treasury shares reserve	Unappropriated	Treasury shares	Fair value reserve				
	406,207,870	1,356,908,662	96,309,692	40,629,710	-	6,531,983,549	-	32,517,329	8,464,556,812	624,188,246	9,088,745,058		
Loss for the year	-	-	-	-	-	(836,675,746)	-	-	(836,675,746)	(263,558,967)	(1,100,234,713)		
Other comprehensive income for the year	-	-	-	-	-	(8,210,311)	-	(18,619,768)	(26,830,079)	-	(26,830,079)		
Total comprehensive income for the year	-	-	-	-	-	(844,886,057)	-	(18,619,768)	(863,505,825)	(263,558,967)	(1,127,064,792)		
Treasury shares for the year	27	-	-	-	-	-	(120,754,972)	-	(120,754,972)	-	(120,754,972)		
Treasury shares reserve	27	-	-	-	120,754,972	(120,754,972)	-	-	-	-	-		
Dividend paid	36	-	-	-	-	(97,488,323)	-	-	(97,488,323)	-	(97,488,323)		
Disposal of investments in equity instruments	-	-	-	-	-	(64,214)	-	64,214	-	-	-		
Acquisition of non-controlling interests	15	-	-	-	-	371,975	-	-	371,975	(72,821,975)	(72,450,000)		
Balance as at 31 December 2020	406,207,870	1,356,908,662	96,309,692	40,629,710	120,754,972	5,469,161,958	(120,754,972)	13,961,775	7,383,179,667	287,807,304	7,670,986,971		
Balance as at 1 January 2021	406,207,870	1,356,908,662	96,309,692	40,629,710	120,754,972	5,469,161,958	(120,754,972)	13,961,775	7,383,179,667	287,807,304	7,670,986,971		
Profit for the year	-	-	-	-	-	320,295,143	-	-	320,295,143	(46,664,733)	273,630,410		
Other comprehensive income for the year	-	-	-	-	-	-	-	11,885,037	11,885,037	-	11,885,037		
Total comprehensive income for the year	-	-	-	-	-	320,295,143	-	11,885,037	332,180,180	(46,664,733)	285,515,447		
Balance as at 31 December 2021	406,207,870	1,356,908,662	96,309,692	40,629,710	120,754,972	5,789,457,101	(120,754,972)	25,846,812	7,715,359,847	241,142,571	7,956,502,418		

The accompanying notes are an integral part of the financial statements.

STP&I Public Company Limited and its subsidiaries

Statements of changes in shareholders' equity (continued)

FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	Separate financial statements										(Unit: Baht)
		Issued and fully paid-up share capital	Premium on ordinary shares	Premium on treasury shares	Retained earnings		Treasury shares	Unappropriated	Treasury shares	Other components of shareholders' equity		
					Appropriated	Treasury shares reserve				Other comprehensive income	Fair value reserve	
Balance as at 1 January 2020		406,207,870	1,356,908,662	96,309,692	40,629,710	-	5,273,688,324	-	32,517,329	7,206,261,587		
Loss for the year		-	-	-	-	-	(538,240,037)	-	-	(538,240,037)		
Other comprehensive income for the year		-	-	-	-	-	(7,768,864)	-	(18,619,768)	(26,388,632)		
Total comprehensive income for the year		-	-	-	-	-	(546,008,901)	-	(18,619,768)	(564,628,669)		
Treasury shares for the period	27	-	-	-	-	-	-	(120,754,972)	-	(120,754,972)		
Treasury shares reserve	27	-	-	-	-	120,754,972	(120,754,972)	-	-	-		
Dividend paid	36	-	-	-	-	-	(97,488,323)	-	-	(97,488,323)		
Disposal of investments in equity instruments		-	-	-	-	-	(64,214)	-	64,214	-		
Balance as at 31 December 2020		406,207,870	1,356,908,662	96,309,692	40,629,710	120,754,972	4,509,371,914	(120,754,972)	13,961,775	6,423,389,623		
Balance as at 1 January 2021		406,207,870	1,356,908,662	96,309,692	40,629,710	120,754,972	4,509,371,914	(120,754,972)	13,961,775	6,423,389,623		
Profit for the year		-	-	-	-	-	342,830,172	-	-	342,830,172		
Other comprehensive income for the year		-	-	-	-	-	-	-	11,885,037	11,885,037		
Total comprehensive income for the year		-	-	-	-	-	342,830,172	-	11,885,037	354,715,209		
Balance as at 31 December 2021		406,207,870	1,356,908,662	96,309,692	40,629,710	120,754,972	4,852,202,086	(120,754,972)	25,846,812	6,778,104,832		

The accompanying notes are an integral part of the financial statements.

■ STP&I Public Company Limited and its subsidiaries ■

Cash flow statements

FOR THE YEAR ENDED 31 DECEMBER 2021

	(Unit: Baht)			
	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
Cash flows from operating activities				
Profit (loss) before tax	416,119,705	(1,178,461,046)	346,214,024	(522,613,464)
Adjustments to reconcile profit (loss) before tax to net cash provided by (paid from) operating activities				
Depreciation and amortisation	253,225,591	416,253,863	85,246,660	183,402,207
Allowance for expected credit losses (reversal)	(1,824,007)	2,708,134	-	-
Write off of deposit and advance payment for purchase of gas station	-	18,886,725	-	-
Write off of withholding tax	-	1,767,681	-	-
Reduction of inventory cost to net realisable value (reversal)	4,599,928	(2,641,155)	10,135	(2,327,774)
Impairment loss on investments in subsidiary	-	-	14,669,065	179,607,765
Share of profit from investments in associate	(4,363,351)	-	-	-
Gain on sales of investment properties	(136,309,622)	-	-	-
Gain on sales of equipment	1,005,400	(8,328,522)	(554,015)	(2,237,844)
Loss on sales of petty patent	-	26,947,744	-	-
Impairment loss on equipment and intellectual property	4,788,938	112,913,037	-	-
Impairment loss on rights to produce and sell electricity	-	499,530,733	-	-
Impairment loss on goodwill	-	22,033,990	-	-
Loss (gain) on sales of other current financial assets	(35,370,000)	5,540,784	(33,828,283)	6,812,566
Loss (gain) on changes in fair value of other financial assets	7,635,314	(21,479,806)	7,414,597	(24,068,213)
Loss on sales of other non-current financial assets	-	64,214	-	64,214
Dividend received from other financial assets	(25,531,380)	(25,272,256)	(25,531,381)	(25,272,256)
Increase (decrease) in short-term provisions	(837,292)	8,560,607	(837,292)	8,560,607
Increase in other long-term provisions	-	25,257,650	-	-
Increase (decrease) in provision for losses on fabrication work	(41,678,225)	35,504,337	(41,678,225)	35,504,337
Provision for long-term employee benefits	20,406,532	17,762,456	19,410,467	11,783,382
Unrealised gain on foreign exchange	(163,683,430)	(34,503,260)	(163,009,986)	(31,334,904)
Interest income from loans and debentures	(42,079,534)	(51,010,145)	(93,352,574)	(103,574,908)
Interest expenses	74,360,278	89,475,683	30,818,632	35,971,196
Profit (loss) from operating activities before changes in operating assets and liabilities	330,464,845	(38,488,552)	144,991,824	(249,723,089)

The accompanying notes are an integral part of the financial statements.

■ STP&I Public Company Limited and its subsidiaries ■

Cash flow statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2021

	(Unit: Baht)			
	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
Operating assets (increase) decrease				
Trade and other receivables and contract assets	(141,536,309)	(480,240,046)	(149,401,792)	(452,020,433)
Work in progress	-	25,753,080	-	25,753,080
Inventories	(132,419,658)	(39,498,429)	(143,222,342)	(132,486,640)
Other current financial assets	(209,188,951)	(41,454,265)	(5,331,828)	(87,112,017)
Other current assets	105,388,501	45,608,093	7,306,890	38,835,980
Other non-current assets	(13,878,282)	26,101,193	(65,000)	18,920
Operating liabilities increase (decrease)				
Trade and other payables	177,108,347	(146,091,792)	100,231,977	(31,888,286)
Advance received from customers	(4,844,112)	127,145,393	(3,021,507)	131,432,441
Revenue from fabrication work received in advance	(362,486)	115,961,679	(362,487)	115,961,679
Payment for long-term employee benefits	(4,788,918)	(16,282,150)	(4,582,694)	(9,423,657)
Other current liabilities	28,938,087	(4,958,356)	32,920,141	543,985
Advance rental income	1,252,848,265	(29,729,165)	-	-
Deposit from long-term lease agreements	(34,882,083)	(3,431,185)	-	-
Other non-current liabilities	5,552,345	21,716,824	(2,582,700)	-
Cash flows from (used in) operating activities	1,358,399,591	(437,887,678)	(23,119,518)	(650,108,037)
Interest paid	(69,387,707)	(83,646,568)	(29,942,910)	(34,820,909)
Cash received from refund of corporate income tax	4,778,058	4,293,437	-	-
Cash paid for corporate income tax	(147,535,946)	(28,961,930)	(18,398,492)	(10,841,315)
Net cash flows from (used in) operating activities	1,146,253,996	(546,202,739)	(71,460,920)	(695,770,261)

The accompanying notes are an integral part of the financial statements.

STP&I Public Company Limited and its subsidiaries

Cash flow statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2021

	(Unit: Baht)			
	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
Cash flows from investing activities				
Decrease in restricted bank deposits	777,096,157	257,313,348	776,552,400	288,129,106
Cash paid for short-term loans to subsidiaries	-	-	-	(288,000,000)
Cash received from repayment of short-term loans to subsidiaries	-	-	-	158,000,000
Cash paid for long-term loans to subsidiaries	-	-	(33,400,000)	(59,800,000)
Cash received from repayment of long-term loans to subsidiaries	-	-	-	40,000,000
Acquisition of investment in real estate investment trust	(40,000,000)	-	(40,000,000)	-
Cash received from sales of investments in equity instruments				
with quoted market price	-	30,835,787	-	30,835,787
Acquisition of investments in debentures	(96,877,364)	(239,978,059)	-	(74,162,116)
Cash received from redemption of investments in debentures	206,668,000	730,000,000	106,668,000	500,000,000
Cash received from sales of investments in general fixed income fund	-	93,217,672	-	93,217,672
Acquisition of investments in subsidiaries	-	-	(4,999,970)	(72,450,000)
Acquisition of investments in associate	(876,441,845)	-	(276,441,845)	-
Proceeds from sales of investment properties	1,000,717,919	-	-	-
Proceeds from sales of equipment and other intangible assets	12,017,364	17,689,038	676,617	2,761,000
Proceeds from sales of intangible assets - petty patent	-	35,000,000	-	-
Acquisition of investment properties	(40,800,155)	(309,883,955)	-	-
Acquisition of property, plant and equipment	(27,840,555)	(165,998,431)	(12,814,447)	(154,801,020)
Acquisition of other intangible assets	(1,561,115)	(9,732,451)	(1,529,248)	(9,688,197)
Dividend received from other financial assets	25,504,560	25,272,256	25,504,561	25,272,256
Interest income	26,015,344	38,772,576	90,008,730	51,691,411
Net cash flows from investing activities	964,498,310	502,507,781	630,224,798	531,005,899
Cash flows from financing activities				
Increase in short-term loans from financial institutions	4,730,000,000	238,740,000	-	-
Decrease in short-term loans from financial institutions	(5,518,740,000)	(125,000,000)	-	-
Repayment of long-term loans from financial institutions	(881,096,006)	(228,385,710)	(144,000,000)	(144,000,000)
Cash paid for lease liabilities	(50,045,796)	(125,063,569)	(12,282,180)	(87,424,485)
Cash paid for treasury stock	-	(120,754,972)	-	(120,754,972)
Dividend paid	(129,459)	(97,406,284)	(129,460)	(97,406,284)
Decrease in non-controlling interests of the subsidiary	-	(72,450,000)	-	-
Net cash flows used in financing activities	(1,720,011,261)	(530,320,535)	(156,411,640)	(449,585,741)
Net increase (decrease) in cash and cash equivalents	390,741,045	(574,015,493)	402,352,238	(614,350,103)
Effect of exchange rate for cash and cash equivalents	103,022,962	(5,274,708)	103,022,962	(5,274,708)
Cash and cash equivalents at beginning of year	486,678,856	1,065,969,057	331,705,319	951,330,130
Cash and cash equivalents at end of year	980,442,863	486,678,856	837,080,519	331,705,319

The accompanying notes are an integral part of the financial statements.

■ STP&I Public Company Limited and its subsidiaries ■

Cash flow statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2021

	(Unit: Baht)			
	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
Supplemental cash flows information				
Non-cash transactions				
Increase (decrease) in accounts payable - purchases of				
property, plant and equipment	(12,208,171)	4,388,932	(2,112,183)	4,379,944
Increase in right-of-use assets due to entering into lease agreements	86,561,136	183,717,342	41,925,370	4,961,867
Transfer advance payment to contractors for power plant construction to				
property, plant and equipment	-	13,912,878	-	-
Transfer property, plant and equipment to investment properties	319,716,805	-	319,716,805	-
Decrease in deposit from long-term agreements due to				
sales of investment properties	36,785,344	-	-	

The accompanying notes are an integral part of the financial statements.

■ STP&I Public Company Limited and its subsidiaries ■

Notes to consolidated financial statements

FOR THE YEAR ENDED 31 DECEMBER 2021

1. General information

1.1 General information of the Company

STP&I Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. The Company is principally engaged in steel fabrication work, and the manufacture of boilers and pressure vessels. The registered office of the Company is at 32/24, 3rd Floor Sino-Thai Tower, Sukhumvit 21 Road, Kwaeng Klongtoey Nua, Khet Wattana, Bangkok.

1.2 Coronavirus disease 2019 pandemic

A second wave of the Coronavirus disease 2019 pandemic has slowed down the economic recovery, adversely impacting most businesses and industries. This situation significantly affects the Group’s business activities in terms of sales of goods and services, and this is significantly impacting the Group’s financial position, operating results, and cash flows at present, and is expected to do so in the future. The Group’s management has continuously monitored ongoing developments 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. Basis of preparation

- 2.1 The financial statements have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Professions Act B.E. 2547 and their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development, issued under the Accounting Act B.E. 2543.

The financial statements in Thai language are the official statutory financial statements of the Company. The financial statements in English language have been translated from the Thai language financial statements.

The financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies.

2.2 Basis of consolidation

- a) The consolidated financial statements include the financial statements of STP&I Public Company Limited (“the Company”) and the following subsidiary companies (“the subsidiaries”) (collectively as “the Group”):

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			<u>2021</u>	<u>2020</u>
			Percent	Percent
<u>Held by the Company</u>				
STIT Company Limited	Manufacture, sale and rental of construction equipment	Thailand	100	100
STP&I Services Company Limited	Construction services	Thailand	100	100
ST Property and Logistics Company Limited	Property development and logistics services	Thailand	100	100
Fill Up Network Company Limited	Community automated gas station	Thailand	100	100
Cannatory Company Limited	Production and distribution of hemp products	Thailand	100	-
<u>Held by subsidiary companies</u>				
STIT 2011 Company Limited	Sale and rental of construction equipment	Thailand	100	100
WPGE Phetchaburi Company Limited	Production and distribution of electricity generated from waste and municipal solid waste management	Thailand	60	60
ST Hill Company Limited	Property development	Thailand	100	100
ST Hub Company Limited	Property development	Thailand	100	100

- b) The Company is deemed to have control over an investee or subsidiaries if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns.
- c) Subsidiaries are fully consolidated, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.
- d) The financial statements of the subsidiaries are prepared using the same significant accounting policies as the Company.

- e) Material balances and transactions between the Group have been eliminated from the consolidated financial statements.
- f) Non-controlling interests represent the portion of profit or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated profit or loss and within equity in the consolidated statement of financial position.

2.3 The separate financial statements present investments in subsidiaries and associate under the cost method.

3. New financial reporting standards

3.1 Financial reporting standards that became effective in the current year

During the current year, the Group has adopted the revised financial reporting standards and interpretations which are effective for fiscal years 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 adoption of these financial reporting standards does not have any significant impact on the Group's financial statements.

3.2 Financial reporting standards that will become effective for fiscal years beginning on or after 1 January 2022

The Federation of Accounting Professions issued a number of revised financial reporting standards, which are effective for fiscal years beginning on or after 1 January 2022. 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, for some standards, providing temporary reliefs or temporary exemptions for users.

The management of the Group believes that the adoption of these amendments will not have any significant impact on the Group's financial statements.

4. Significant accounting policies

4.1 Revenue and expense recognition

Revenue from fabrication work

The Group has determined that the fabrication work generally have one performance obligation. The Group recognises revenue from fabrication work over time where the stage of completion is measured using an output method, based on information provided by project engineers or project managers.

The likelihood of contract variations, claims and liquidated damages, delays in delivery or contractual penalties is taken into account in determining the revenue to be recognised, such that revenue is only recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur.

When the value and stage of completion of the contract cannot be reasonably measured, revenue is recognised only to the extent of contract costs incurred that are expected to be recovered.

Sales of goods

Revenue from sale of goods is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods. Revenue is measured at the amount of the consideration received or receivable, excluding value added tax, of goods supplied after deducting returns, discounts, allowances and price promotions to customers.

Rendering of services

Service revenue is recognised at a point in time upon completion of the service.

Interest income

Interest income is calculated using the effective interest method and recognised on an accrual basis. The effective interest rate is applied to the gross carrying amount of a financial asset, unless the financial assets subsequently become credit-impaired when it is applied to the net carrying amount of the financial asset (net of the expected credit loss allowance).

Dividends

Dividends are recognised when the rights to receive the dividends is established.

Finance cost

Interest expense from financial liabilities at amortised cost is calculated using the effective interest method and recognised on an accrual basis.

4.2 Cash and cash equivalents

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

4.3 Contract assets/ Contract liabilities

Contract assets

A contract asset is the excess of cumulative revenue earned over the billings to date. Allowance for impairment loss is provided for the estimated losses that may be incurred in customer collection. Contract assets are transferred to receivables when the rights become unconditional i.e. services are completed and delivered to the customer.

Contract liabilities

A contract liability is recognised when the billings to date exceed the cumulative revenue earned and the Group has an obligation to transfer goods or services to a customer. Contract liabilities are recognised as revenue when the Company fulfil its performance obligations under the contracts.

4.4 Inventories

Finished goods are valued at the lower of cost (under the specific method) and net realisable value. Cost includes all acquiring costs.

Spare parts and factory supplies are valued at the lower of cost (under the first-in first-out method) and net realisable value and are charged to production costs whenever consumed.

4.5 Investments in subsidiaries and associate

Investments in associate are accounted for in the consolidated financial statements using the equity method.

Investments in subsidiaries and associate are accounted for in the separate financial statements using the cost method.

4.6 Investment properties

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and allowance for loss on impairment (if any).

Depreciation of investment properties is calculated by reference to their costs on the straight-line basis over estimated useful lives of 5 - 35 years. Depreciation of the investment properties is included in determining income. No depreciation is provided on land.

On disposal of investment properties, the difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period when the asset is derecognised.

4.7 Property, plant and equipment and depreciation

Land is stated at cost. Buildings and equipment are stated at cost less accumulated depreciation and allowance for loss on impairment of assets (if any).

Depreciation of plant and equipment is calculated by reference to their cost on the straight-line basis over the following estimated useful lives:

Land improvements	10, 20 years
Buildings and construction	5, 10, 20 years
Machinery, tools and equipment	3 - 15 years
Office equipment, furniture and fixtures	3, 5 years
Motor vehicles	5 years

Depreciation of construction on lease land is calculated by reference to its cost on a straight-line basis over the lease period which is shorter than the asset's useful life.

Depreciation is included in determining income.

No depreciation is provided on land and assets under installation and construction.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on disposal of an asset is included in profit or loss when the asset is derecognised.

4.8 Rights to produce and sell electricity from municipal waste and amortisation

Rights to produce and sell electricity from municipal waste acquired in a business combination were measured initially at their acquisition-date estimated fair values. Subsequent to initial recognition, rights to produce and sell electricity from municipal waste has been stated at cost less accumulated amortisation and allowance for loss on impairment (if any).

Amortisation of rights to produce and sell electricity from municipal waste is calculated by reference to cost on a straight-line basis over estimated economic useful life (estimated around 20 years), recognition of amortisation begins from the date on which the subsidiary first produces and sells electricity. The Group reviews assets for impairment whenever events or changes in circumstances indicate that an asset may be impaired, and reviews the amortisation period and the amortisation method used for rights to produce and sell electricity from municipal waste at least every year end. Amortisation is recognised as an expense in profit or loss.

4.9 Intangible assets

Petty patent and intellectual property and other intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses (if any).

Petty patent, and intellectual property and other intangible assets with finite lives are amortised on the straight-line basis over the economic useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method of such intangible assets are reviewed at least at each financial year end. The amortisation expense is charged to profit or loss.

A summary of the intangible assets with finite useful lives is as follows:

	<u>Useful lives</u>
Petty patent and intellectual property	9 years
Computer software	5 years

4.10 Goodwill

Goodwill is initially recorded at cost, which equals to the excess of cost of business combination over the fair value of the net assets acquired. If the fair value of the net assets acquired exceeds the cost of business combination, the excess is immediately recognised as gain in profit or loss.

Goodwill is carried at cost less any accumulated impairment losses. Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the Company's cash generating units (or group of cash-generating units) that are expected to benefit from the synergies of the combination. The Company estimates the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in profit or loss. Impairment losses relating to goodwill cannot be reversed in future periods.

4.11 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 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 recognised 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 recognised as an expense over the lease term on the same basis as the lease income.

The Group as a lessee

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 recognises 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 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 recognised, 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 as follows:

Land	1 - 25 years
Buildings	1 years
Motor vehicles	1 - 4 years
Land, buildings and warehouse for rent	1 - 32 years
Community mall and office buildings for rent	1 - 31 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.

Right-of-use assets are presented as part of property, plant and equipment in the statement of financial position.

Right-of-use assets which are classified as investment properties are presented as part of investment properties in the statement of financial position.

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 recognised 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 recognised as expenses on a straight-line basis over the lease term.

4.12 Related party transactions

Related parties comprise individuals or enterprises that control, or are controlled by, the Group, whether directly or indirectly, or which are under common control with the Group.

They also include associated companies, and individuals or enterprises which directly or indirectly own a voting interest in the Group that gives them significant influence over the Group, key management personnel, directors, and officers with authority in the planning and direction of the Group's operations.

4.13 Foreign currencies

The consolidated and separate financial statements are presented in Baht, which is also the Company's functional currency.

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

Gains and losses on exchange are included in determining income.

4.14 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 goodwill. An impairment loss is recognised 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 recognised in profit or loss.

4.15 Employee benefits

Short-term employee benefits

Salaries, wages, bonuses and contributions to the social security fund are recognised as expenses when incurred.

Post-employment benefits and other long-term employee benefits

Defined contribution plans

The Group and its employees have jointly established a provident fund. The fund is monthly contributed by employees and by the Group. The fund's assets are held in a separate trust fund and the Group's contributions are recognised as expenses when incurred.

Defined benefit plans and other long-term employee benefits

The Group has obligations in respect of the severance payments it must make to employees upon retirement under labor law. The Group treats these severance payment obligations as a defined benefit plan. In addition, the Group provides other long-term employee benefit plan, namely long service awards.

The obligation under the defined benefit plan and other long-term employee benefit plans is determined by a professionally qualified independent actuary based on actuarial techniques, using the projected unit credit method.

Actuarial gains and losses arising from defined benefit plans are recognised immediately in other comprehensive income.

Actuarial gains and losses arising from other long-term benefits are recognised immediately in profit and loss.

Past service costs are recognised in profit or loss on the earlier of the date of the plan amendment or curtailment and the date that the Group recognises restructuring-related costs.

4.16 Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Provision for losses on fabrication work is made in the accounts in full when the possibility of loss is ascertained.

4.17 Income tax

Income tax expense represents the sum of corporate income tax currently payable and deferred tax.

Current tax

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

Deferred tax

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

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

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

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

4.18 Treasury shares

Treasury shares are stated at cost and presented as a deduction from shareholders' equity. Gains on disposal of treasury shares are determined by reference to the carrying amount and are presented as premium on treasury shares. Losses on disposal of treasury shares are determined by reference to the carrying amount and are presented net of premium on treasury shares and retained earnings, consecutively.

4.19 Financial instruments

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 amortised cost, fair value through other comprehensive income ("FVOCI"), or fair value through profit or loss ("FVTPL"). 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 amortised cost

The Group measures financial assets at amortised 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 amortised cost are subsequently measured using the effective interest rate (“EIR”) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Financial assets designated at FVOCI (equity instruments)

Upon initial recognition, the Group can elect to irrevocably classify its equity investments which are not held for trading as equity instruments designated at FVOCI. The classification is determined on an instrument-by-instrument basis.

Gains and losses recognised in other comprehensive income on these financial assets are never recycled to profit or loss.

Dividends are recognised as other income in profit or loss, except when the dividends clearly represent a recovery of part of the cost of the financial asset, in which case, the gains are recognised in other comprehensive income.

Equity instruments designated at FVOCI are not subject to impairment assessment.

Financial assets at FVTPL

Financial assets measured at FVTPL are carried in the statement of financial position at fair value with net changes in fair value recognised in profit or loss.

These financial assets include derivatives, security investments held for trading, equity investments which the Group has not irrevocably elected to classify at FVOCI and financial assets with cash flows that are not solely payments of principal and interest.

Dividends on listed equity investments are recognised as other income in profit or loss.

Classification and measurement of financial liabilities

Except for derivative liabilities, at initial recognition the Group’s financial liabilities are recognised at fair value net of transaction costs and classified as liabilities to be subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. In determining amortised cost, the Group takes into account any discounts or premiums on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance costs in profit or loss.

Derecognition of financial instruments

A financial asset is primarily derecognised 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 transferred control of the asset.

A financial liability is derecognised 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 recognised in profit or loss.

Impairment of financial assets

The Group recognises an allowance for expected credit losses (“ECLs”) for all debt instruments not held at FVTPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate.

For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure (a lifetime ECL).

The Group considers a significant increase in credit risk to have occurred when contractual payments are more than 30 days past due and considers a financial asset as credit impaired or default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to have a significant increase in credit risk and to be in default using other internal or external information, such as credit rating of issuers.

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 recognises a loss allowance based on lifetime ECLs at each reporting date.

ECLs are calculated 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 recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

4.20 Derivatives

The Group uses derivatives, which are forward currency contracts, to hedge its foreign currency risks.

Derivatives are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. The subsequent changes are recognised in profit or loss. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Derivatives are presented as non-current assets or non-current liabilities if the remaining maturity of the instrument is more than 12 months and it is not due to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

4.21 Fair value measurement

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

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

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

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

5. Significant accounting judgments and estimates

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

Revenue from fabrication work

The Group recognises revenue from fabrication work over time taking into account the stage of completion. The management has exercised judgement in measuring the progress towards satisfaction of the performance obligation, with reference to information provided by project engineers or project managers and relying on their expertise and past experience.

Estimated construction project costs

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

Provision for losses on projects

Management applied judgement in estimating the losses they expect to be realised on each project, based on actual costs incurred to date, the progress of construction, the status of the project, any fluctuations in costs of materials and labour, the current situation and relevant information regarding warranties and claims on the contracted works.

Leases

Estimating the incremental borrowing rate - The Group as a lessee

The Group cannot readily determine the interest rate implicit in the lease, therefore, the management is required to exercise judgement in estimating its incremental borrowing rate to discount lease liabilities. The incremental borrowing rate is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

Lease classification - The Group as lessor

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

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 judgement 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.

Investment properties

The disclosure of fair value of investment properties requires management to make estimates the fair value by an independent appraiser. The independent appraiser valued the investment properties using the income approach, because there is no market price that could be used to apply a comparative approach. The key assumptions used in estimating the fair value are described in Note 18 to the financial statements.

Property plant and equipment and depreciation

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

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

Allowance for impairment of non-financial assets

In determining allowance for impairment of a non-financial asset, the management is required to exercise judgements regarding determination of the recoverable amount of the asset, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs of disposing of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next 5 years or lifetime of assets and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the performance of the assets of the cash-generating unit being tested. The recoverable amount is sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. These estimates are most relevant to property, plant and equipment, intellectual property and rights to produce and sell electricity from municipal waste recognised by the Group.

Deferred tax assets

Deferred tax assets are recognised 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 utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of estimate future taxable profits.

Dispute and litigation

The Group has contingent liabilities as a result of dispute and litigation. The Group's management has used judgement to assess of the results of the dispute and litigation and believes that no loss will result. Therefore, no contingent liabilities are recorded as at the end of reporting period.

6. Related party transactions

During the years, the Company had significant business transactions with related parties. Such transactions, which are summarised below, arose in the ordinary course of business and were concluded on commercial terms and bases agreed upon between the Company, subsidiaries and those related parties.

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements		Transfer Pricing policy
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	
<u>Transactions with subsidiaries</u>					
(eliminated from the consolidated financial statements)					
Revenue from sales and services	-	-	1	1	Market price or contract price
Cost of fabrication work	-	-	1	2	Market price or contract price
Interest income	-	-	55	58	1.5% - 4.5% per annum
Other income	-	-	4	7	Contract price
<u>Transactions with associate</u>					
Sales of investment properties	1,068	-	-	-	Contract price
Property management fee	2	-	-	-	1% - 6% of income
Rental income	6	-	-	-	Contract price
Service expenses	5	-	-	-	Contract price
<u>Transactions with related companies</u>					
Revenue from sales and services	181	54	-	-	Market price or contract price
Rental and service expenses	7	7	6	6	Contract price

ST Property & Logistics Co., Ltd., ST Hill Co., Ltd. and ST Hub Co., Ltd. (the subsidiaries) were appointed as property managers of KTBST Mixed Leasehold Real Estate Investment Trust ("KTBSTMR") (an associate). The subsidiaries are entitled to receive remuneration in the form of property management fees.

The balances of the accounts as at 31 December 2021 and 2020, between the Company, subsidiaries and those related parties are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
<u>Trade and other receivables - related parties (Note 9)</u>				
Subsidiaries				
STIT Company Limited	-	-	261	517
STIT 2011 Company Limited	-	-	41	21
STP&I Services Company Limited	-	-	225	112
ST Property and Logistics Company Limited	-	-	357	458
WPGE Phetchaburi Company Limited	-	-	46,693	56,289
Fill Up Network Company Limited	-	-	76	46
ST Hill Company Limited	-	-	6	-
ST Hub Company Limited	-	-	23	-
Associate				
KTBST Mixed Leasehold Real Estate Investment Trust ("KTBSTMR")	4,537	-	-	-
Related company				
Sino-Thai Engineering and Construction Public Company Limited	6,417	3,251	-	-
Total trade and other receivables - related parties	<u>10,954</u>	<u>3,251</u>	<u>47,682</u>	<u>57,443</u>
<u>Trade and other payables - related parties (Note 22)</u>				
Subsidiaries				
STIT Company Limited	-	-	612	187
Fill Up Network Company Limited	-	-	35	-
Associate				
KTBST Mixed Leasehold Real Estate Investment Trust ("KTBSTMR")	4,691	-	-	-
Related companies				
Sino-Thai Engineering and Construction Public Company Limited	-	21	-	21
Total trade and other payables - related parties	<u>4,691</u>	<u>21</u>	<u>647</u>	<u>208</u>
<u>Advance rental income - related party</u>				
Associate				
KTBST Mixed Leasehold Real Estate Investment Trust ("KTBSTMR")	<u>1,250,831</u>	<u>-</u>	<u>-</u>	<u>-</u>

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
<u>Other non-current liabilities - related party</u>				
Associate				
KTBST Mixed Leasehold Real Estate Investment				
Trust ("KTBSTMR")	25,637	-	-	-

Loans to subsidiaries

As at 31 December 2021 and 2020, the balances of loans to subsidiaries and the movement are as follows:

(Unit: Thousand Baht)

	Separate financial statements			
	Balance as at	Increase	Decrease	Balance as at
	31 December	during the year	during the year	31 December
	<u>2020</u>			<u>2021</u>
Short-term loans to subsidiary				
ST Property and Logistics				
Company Limited	520,000	-	-	520,000
Total short-term loans to subsidiary	520,000	-	-	520,000
Long-term loans to subsidiary				
WPGE Phetchaburi Company				
Limited	1,027,600	33,400	-	1,061,000
Total long-term loans to subsidiary	1,027,600	33,400	-	1,061,000

Directors and management's benefits

During the years ended 31 December 2021 and 2020, the Group had employee benefit expenses payable to its directors and management as below.

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Short-term employee benefits	32,884	32,438	30,316	29,887
Post-employment benefits	1,995	1,493	1,743	1,412
Other long-term benefits	28	14	22	14
Total	34,907	33,945	32,081	31,313

7. Cash and cash equivalents

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Cash	283	1,621	76	67
Bank deposits	980,160	485,058	837,004	331,638
Total	980,443	486,679	837,080	331,705

As at 31 December 2021, bank deposits carried interest at rates between 0.04 to 0.50 percent per annum (2020: between 0.05 to 0.50 percent per annum).

8. Other current financial assets

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Debt instruments which are measured at amortised cost				
Debentures	498,332	596,114	498,332	596,114
Debt instruments which are measured at fair value through profit or loss				
Investments in general fixed income fund	1,555,197	1,298,480	1,090,851	1,039,312
Equity instruments which are measured at fair value through profit or loss				
Equity instruments with quoted market prices	216,279	178,781	216,279	178,781
Derivative instruments measured at fair value through profit and loss				
Warrant	124	-	124	-
Total other current financial assets	<u>2,269,932</u>	<u>2,073,375</u>	<u>1,805,586</u>	<u>1,814,207</u>

Investments in general fixed income fund in the consolidated financial statements as at 31 December 2020 included investment of Baht 25 million (Separate financial statements: Baht 16 million) managed by a fund management company that announced the termination of the fund on 25 March 2020. During the current year, the Group received the capital redemption from the fund of Baht 27 million (Separate financial statements: Baht 18 million) from the terminated general fixed income fund and this is the final repayment from the liquidation process of the fund.

During the current year, the Company received dividend from investments in general fixed income fund of Baht 8 million (2020: Baht 7 million).

Trade and other receivables

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
<u>Trade receivables - related parties (Note 6)</u>				
Aged on the basis of due dates				
Not yet due	4,764	1,827	-	-
Past due				
Up to 3 months	1,662	1,305	-	-
Total trade receivables - related parties	6,426	3,132	-	-
Less: Allowance for expected credit losses	(38)	(27)	-	-
Total trade receivables - related parties, net	6,388	3,105	-	-
<u>Trade receivables - unrelated parties</u>				
Aged on the basis of due dates				
Not yet due	320,334	70,229	293,528	47,160
Past due				
Up to 3 months	31,195	68,461	26,207	42,222
3 - 6 months	1,470	734	292	-
6 - 12 months	95	2,108	-	-
Over 12 months	4,050	3,527	48	48
Total	357,144	145,059	320,075	89,430
Less: Allowance for expected credit losses	(4,342)	(6,176)	(5)	(5)
Total trade receivables - unrelated parties, net	352,802	138,883	320,070	89,425
Total trade receivables - net	359,190	141,988	320,070	89,425
<u>Other receivables</u>				
Other receivables and advance to related parties (Note 6)	4,537	-	1,086	1,236
Other receivables and advance to unrelated parties	34,343	79,746	6	50,192
Accrued interest income - related parties (Note 6)	-	-	46,596	56,193
Accrued interest income - unrelated parties	16,567	12,045	16,559	12,029
Accrued income - related party (Note 6)	29	146	-	14
Accrued income - unrelated parties	68,742	92,217	66,521	76,317
Total other receivables	124,218	184,154	130,768	195,981
Total trade and other receivables - net	483,408	326,142	450,838	285,406

Set out below is the movement in the allowance for expected credit losses of trade and other receivables.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Balance at beginning of year	6,203	3,495	5	5
Additions (reversal)	<u>(1,823)</u>	<u>2,708</u>	<u>-</u>	<u>-</u>
Balance at end of year	4,380	6,203	5	5

10. Contract assets/Contract liabilities

10.1 Contract balances

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Contract assets				
Unbilled receivables	484,909	493,462	484,909	493,462
Retention receivables	25,120	18,158	25,120	18,158
Total contract assets	<u>510,029</u>	<u>511,620</u>	<u>510,029</u>	<u>511,620</u>
Contract liabilities				
Advances received from customers	145,948	150,792	138,830	141,852
Revenue from fabrication work received in advance	115,599	106,023	115,599	106,023
Total contract liabilities	<u>261,547</u>	<u>256,815</u>	<u>254,429</u>	<u>247,875</u>

The balance of unbilled receivables as at 31 December 2021 and 2020, aged on the basis of period until they are expected to be billed to customers in the future, can be summarised as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Expected billing period				
In up to 3 months	153,220	-	153,220	-
In over 3 months and up to 12 months	327,589	392,201	327,589	392,201
In over 1 year	4,100	101,261	4,100	101,261
Total unbilled receivables	484,909	493,462	484,909	493,462

10.2 Revenue recognised in relation to contract balances

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Revenue recognised that was included in contract liabilities at the beginning of the year	112,180	23,647	108,286	10,419
Revenue recognised during the year from performance obligations satisfied in previous years	30,041	-	30,041	-

10.3 Revenue to be recognised for the remaining performance obligations

As at 31 December 2021, revenue totaling Baht 4,732 million is expected to be recognised in the future in respect of performance obligations under contracts with customers that are unsatisfied (2020: Baht 4,614 million). The Company expects to satisfy these performance obligations within 1 - 3 years.

11. Inventories

	(Unit: Thousand Baht)					
	Consolidated financial statements					
	Cost		Reduce cost to net realisable value		Inventories - net	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Finished goods	107,778	125,095	(3,556)	(319)	104,222	124,776
Spare parts and factory supplies	451,230	307,154	(35,096)	(33,733)	416,134	273,421
Goods in transit	7,977	2,317	-	-	7,977	2,317
Total	566,985	434,566	(38,652)	(34,052)	528,333	400,514

	(Unit: Thousand Baht)					
	Separate financial statements					
	Cost		Reduce cost to net realisable value		Inventories - net	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Spare parts and factory supplies	390,776	247,554	(25,232)	(25,222)	365,544	222,332
Total	390,776	247,554	(25,232)	(25,222)	365,544	222,332

During the current year, the Group reduced cost of inventories by Baht 7.0 million (2020: Baht 2.9 million) (The Company only: Baht 1.2 million, 2020: Baht 0.5 million), to reflect the net realisable value. This was included in expenses during the current year. In addition, the Group reversed the write-down of cost of inventories by Baht 2.4 million (2020: Baht 5.5 million) (The Company only: Baht 1.2 million, 2020: Baht 2.8 million), and reduced the amount of inventories recognised as expenses during the year.

12. Other current assets

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Refundable value added tax	19,657	146,651	4,533	33,061
Withholding tax	133,980	17,062	18,398	10,841
Prepaid expenses	13,030	11,097	9,365	5,867
Others	9,087	7,733	121	857
Total other current assets	175,754	182,543	32,417	50,626

13. Restricted bank deposits

These balances represent bank deposits of the Group which pledged to secure credit facilities.

14. Other non-current financial assets

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Equity instruments which are measured at fair value through other comprehensive income				
Equity instruments with quoted market prices	206,275	191,218	206,194	191,138
Investment in real estate investment trust	39,800	-	39,800	-
Total other non-current financial assets	246,075	191,218	245,994	191,138

During the current year, the Company invested Baht 40 million in Grande Royal Orchid Hospitality Real Estate Investment Trust. As a result, the Company holds a 1.27% interest in the trust.

During the current year, the Company received dividend from investments in equity instruments of Baht 17 million (2020: Baht 18 million).

15. Investments in subsidiaries

15.1 Details of investments in subsidiaries as presented in separate financial statements are as follows:

(Unit: Thousand Baht)

Company's name	Paid-up capital		Shareholding percentage		Cost	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
	(Million Baht)	(Million Baht)	(%)	(%)		
STIT Company Limited	135	135	100	100	135,000	135,000
STP&I Services Company Limited	410	410	100	100	21,761	21,761
ST Property and Logistics Company Limited	440	440	100	100	440,000	440,000
Fill Up Network Company Limited	500	500	100	100	422,450	422,450
Cannatory Company Limited	5	-	100	-	5,000	-
Total					1,024,211	1,019,211
Less: Allowance for impairment loss*					(194,277)	(179,608)
Investments in subsidiaries - net					829,934	839,603

* Allowance for impairment loss is an allowance for the investments in Fill Up Network Company Limited.

- a) No dividend was received from the subsidiaries for the years ended 31 December 2021 and 2020.
- b) On 10 June 2021, the Company's Board of Directors' Meeting passed a resolution to approve the establishment of Cannatory Company Limited, which is principally engaged in hemp cultivation and propagation, production and the distribution of hemp extract and parts of hemp plant. Such company registered its incorporation with the Ministry of Commerce on 22 June 2021. The Company purchased 499,997 ordinary shares at a price of Baht 10 per share or a total of approximately Baht 5 million. The investment represents 100% of all issued ordinary shares of such company. The Company fully paid for the shares in June 2021.
- c) On 27 November 2020, an extraordinary meeting of shareholders approved the disposal of all of its investments in ordinary shares of STIT Company Limited ("STIT"), a subsidiary, to Sino-Thai Engineering and Construction Public Company Limited ("STEC"), a related company, at a price of approximately Baht 674.5 million, with the other significant conditions as follows:
 - The Company is to sell the land on which STIT's office is located to STIT at a price of Baht 63.7 million.

- The Company is to purchase all ordinary shares of STIT 2011 Company Limited from STIT at a price of Baht 65.2 million.
- The Company is to negotiate with financial institutions to retain the existing credit facilities of STIT.

Subsequently, on 9 September 2021, Sino-Thai Engineering and Construction Public Company Limited issued a letter to inform the Company that the Board of Directors of Sino-Thai Engineering and Construction Public Company Limited passed a resolution not to proceed with the acquisition of STIT Company Limited due to the significant impact of the Coronavirus disease 2019 pandemic on the investment in that subsidiary.

- d) In 2020, the Company purchased ordinary shares of Fill Up Network Company Limited (the subsidiary) from the non-controlling shareholder at a price of Baht 72.5 million. As a result, the Company's shareholding is 100%. The Company recorded the effect of the change in shareholding in the subsidiary of Baht 0.4 million in shareholders' equity. In addition, the Company recorded allowance for impairment loss on investments of Baht 180 million in 2020 and Baht 15 million in the current year.

15.2 Details of investments in subsidiaries that have material non-controlling interests

(Unit: Million Baht)

Company's name	Proportion of equity interest held by non-controlling interests		Accumulated balance of non-controlling interests		Profit/loss allocated to non-controlling interests during the year	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
	(%)	(%)				
<u>Held by the Company</u>						
Fill Up Network Company Limited	-	-	-	-	-	(64)
<u>Held by subsidiary companies</u>						
WPGE Phetchaburi Company Limited	40	40	241	288	(46)	(200)

15.3 Summarised financial information that based on amounts before inter-company elimination about subsidiaries that have material non-controlling

Summarised information about financial position

(Unit: Million Baht)

	Fill Up Network Company Limited		WPGE Phetchaburi Company Limited	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Current assets	-	213	33	105
Non-current assets	-	50	1,952	1,960
Current liabilities	-	13	207	204
Non-current liabilities	-	7	1,088	1,142

Summarised information about comprehensive income

(Unit: Million Baht)

	Fill Up Network Company Limited		WPGE Phetchaburi Company Limited	
	For the year ended	For the year ended	For the year ended	For the year ended
	<u>31 December 2021</u>	<u>31 December 2020</u>	<u>31 December 2021</u>	<u>31 December 2020</u>
Revenue	-	13	0.7	0.1
Profit (loss)	-	(213)	(117)	(500)

Summarised information about cash flow

(Unit: Million Baht)

	Fill Up Network Company Limited		WPGE Phetchaburi Company Limited	
	For the year ended	For the year ended	For the year ended	For the year ended
	<u>31 December 2021</u>	<u>31 December 2020</u>	<u>31 December 2021</u>	<u>31 December 2020</u>
Cash flow from (used in)				
operating activities	-	63	(28)	(62)
Cash flow from (used in)				
investing activities	-	32	(6)	-
Cash flow from (used in)				
financing activities	-	(4)	33	59
Net increase (decrease)				
in cash and cash				
equivalents	<u>-</u>	<u>91</u>	<u>(1)</u>	<u>(3)</u>

16. Investments in associate

16.1 Details of associate

(Unit: Thousand Baht)

Company's name	Consolidated financial statements			
	Shareholding percentage	Cost		Carrying amounts based on equity method
	(%)	<u>2021</u>	<u>2020</u>	<u>2021</u> <u>2020</u>
KTBST Mixed Leasehold Real Estate				
Investment Trust ("KTBSTMR")	29.01	876,442	-	827,664 -
		<u>876,442</u>	<u>-</u>	<u>827,664</u> <u>-</u>

(Unit: Thousand Baht)

Company's name	Separate financial statements		
	Shareholding percentage	Cost	
	(%)	<u>2021</u>	<u>2020</u>
KTBST Mixed Leasehold Real Estate			
Investment Trust ("KTBSTMR")	9.18	276,442	-
		<u>276,442</u>	<u>-</u>

On 29 October 2021, the Company invested Baht 246 million in KTBST Mixed Leasehold Real Estate Investment Trust ("KTBSTMR"), representing an 8.15% interest in the trust. Moreover, ST Property & Logistics Co., Ltd (the subsidiary) invested Baht 600 million in KTBSTMR, representing a 19.90% interest. As a result, the Company's shareholding in KTBSTMR is totaling 28.05%, and KTBSTMR is treated as an associated company. During November and December 2021, the Company invested Baht 30 million in KTBSTMR. As a result, as at 31 December 2021, the Company's shareholding in KTBSTMR is 9.18% and the Group's shareholding is 29.01%.

During the current year, the Company recognised share of profit from investments in associate of Baht 4.4 million in the consolidated financial statements.

As at 31 December 2021, the fair value of investments in associate in the consolidated and separate financial statements is Baht 855 million and Baht 270 million, respectively.

16.2 Summarised financial information about material associate

Summarised information about financial position as at 31 December 2021

	(Unit: Thousand Baht)
Current assets	162,861
Non-current assets	3,458,616
Current liabilities	(41,766)
Non-current liabilities	(532,538)
Net assets	3,047,173
Shareholding percentage (%)	29.01%
Share of net assets	883,985
Elimination entries	(56,321)
Carrying amount of associate based on equity method	827,664

Summarised information about comprehensive income for the period ended 31 December 2021

	(Unit: Thousand Baht)
Revenues	45,297
Profit for the period	32,172
Total comprehensive income for the period	32,172

17. Long-term loan to other company

This represents a loan to a public company. The loan carries interest at a rate of 6% per annum and is secured by the pledge of condominium units. Loan principal and interest are to be paid as described in the related agreement.

518. Investment properties

The net book value of investment properties as at 31 December 2021 and 2020 are presented below.

(Unit: Thousand Baht)

	Consolidated financial statements				
	Land, buildings and warehouse	Community mall	Office buildings for rent	Land awaiting development	Total
	for rent				
31 December 2021:					
Cost	2,348,542	5,288	3,055	319,717	2,676,602
Less: Accumulated depreciation	(176,410)	(2,277)	(432)	-	(179,119)
Net book value	<u>2,172,132</u>	<u>3,011</u>	<u>2,623</u>	<u>319,717</u>	<u>2,497,483</u>
31 December 2020:					
Cost	2,309,370	1,276,415	798,701	-	4,384,486
Less: Accumulated depreciation	(132,832)	(64,638)	(39,916)	-	(237,386)
Net book value	<u>2,176,538</u>	<u>1,211,777</u>	<u>758,785</u>	<u>-</u>	<u>4,147,100</u>

(Unit: Thousand Baht)

	Separate financial statements	
	<u>2021</u>	<u>2020</u>
Land for rent - cost	<u>349,215</u>	<u>29,498</u>

A reconciliation of the net book value of investment properties for the years 2021 and 2020 is presented below.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Net book value at beginning of year	4,147,100	4,024,593	29,498	29,498
Acquisition of investment properties	83,948	488,640	-	-
Transfer from property, plant and equipment	319,717	-	319,717	-
Disposals during year - net book value at disposal date	(1,954,574)	-	-	-
Depreciation for the year	<u>(98,708)</u>	<u>(366,133)</u>	<u>-</u>	<u>-</u>
Net book value at end of year	<u>2,497,483</u>	<u>4,147,100</u>	<u>349,215</u>	<u>29,498</u>

- 18.1 The Group had mortgaged its land, office buildings and warehouse for rent with a total net book value as at 31 December 2021 of Baht 583 million (2020: Baht 1,690 million) (The Company only: Baht 29 million, 2020: Baht 29 million) as collateral for credit facilities of its subsidiary granted by banks.
- 18.2 ST Hill Co., Ltd and ST Hub Co., Ltd (the subsidiaries) entered into land lease agreements with a company for terms of 30 years (2019 to 2049), with the subsidiaries able to renew the leases for further periods of 5 years upon expiration. The subsidiaries constructed a community mall for rent and office building for rent on the leased land and these are to be transferred to the landowner upon the expiry of the lease agreements.
- 18.3 On 8 November 2021, ST Property & Logistics Co., Ltd., ST Hill Co., Ltd. and ST Hub Co., Ltd. (the subsidiaries) transferred leasehold rights and/or sub-leasehold rights to the KTBST Mixed Leasehold Real Estate Investment Trust ("KTBSTMR"), in accordance with a resolution passed by the meeting of the Board of Directors of the Company held on 10 June 2020. The details are as follows:
- a) ST Property & Logistics Co., Ltd. entered into an agreement to lease land and buildings, including systems equipment, of the ST Bang Bo and ST Bang Pa-in Projects to KTBSTMR for a period of 30 years. KTBSTMR paid Baht 1,257 million to ST Property & Logistics Co., Ltd. for these leasehold rights.
 - b) ST Hill Co., Ltd. entered into an agreement to sublease land and lease buildings, including systems equipment, of the Summer Hill Project to KTBSTMR for a period of 30 years. KTBSTMR paid approximately Baht 651 million to ST Hill Co., Ltd. for this leasehold right.
 - c) ST Hub Co., Ltd. entered into an agreement to sublease land and lease buildings, including systems equipment, of the Summer Hub Project to KTBSTMR for a period of 30 years. KTBSTMR paid approximately Baht 417 million to ST Hub Co., Ltd. for this leasehold right.
 - d) ST Property & Logistics Co., Ltd., ST Hill Co., Ltd. and ST Hub Co., Ltd. registered their properties as collateral to guarantee their performance throughout the term of their lease and/or sublease properties to KTBSTMR.

The Group considered that the subleases of investment properties of ST Hill Co., Ltd. and ST Hub Co., Ltd. are sales of assets. The Group recorded gains on sales of investment properties amounting to Baht 136 million (after deducting provision for rental guarantee and eliminating the transaction in proportion of investments held by the Group) in the consolidated statement of comprehensive income of the current year.

The Group presented the cash received for the leasehold rights of ST Property & Logistics Co., Ltd., (the subsidiary) as advance rental income in the consolidated statement of financial position.

18.4 The fair value of the investment properties as at 31 December 2021 and 2020 stated below.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
The fair value of land for rent	329,737	-	403,879	63,762
The fair value of land, buildings and warehouse for rent	2,339,927	2,516,513	-	-
The fair value of community mall and office buildings for rent	-	2,439,310	-	-

The fair value of the above investment properties has been determined based on valuation performed by an accredited independent valuer. The fair value of the land for rent has been determined based on market prices, while the fair value of other investment properties has been determined using the income approach. Key assumptions used in the valuation include yield rate, inflation rate, long-term vacancy rate and long-term growth in real rental rates.

19. Property, plant and equipment

(Unit: Thousand Baht)

Consolidated financial statements								
	Land and land improvements	Buildings and construction	Machinery, tools and equipment	Office equipment, furniture and fixtures	Motor vehicles	Right-of-use assets (Note 24)	Assets under installation and under construction	Total
Cost:								
1 January 2020	693,433	1,827,660	1,652,650	227,139	124,649	292,067	1,354,941	6,172,539
Additions	2,293	44,331	28,958	18,336	15,510	5,353	75,172	189,953
Disposals	-	(243)	(50,420)	(1,755)	(18,523)	(455)	(4,024)	(75,420)
Transfers in (out)	3,588	5,499	34,046	(2,669)	-	-	40,687	81,151
31 December 2020	699,314	1,877,247	1,665,234	241,051	121,636	296,965	1,466,776	6,368,223
Additions	455	891	5,325	1,858	-	42,947	2,951	54,427
Disposals	-	(409)	(18,476)	(4,443)	(1,911)	(4,626)	(4,952)	(34,817)
Transfers in (out)	(172)	172	21,035	-	-	-	(21,035)	-
Transfer to investment properties	(319,717)	-	-	-	-	-	-	(319,717)
31 December 2021	379,880	1,877,901	1,673,118	238,466	119,725	335,286	1,443,740	6,068,116
Accumulated depreciation:								
1 January 2020	98,528	1,398,935	1,397,477	205,243	113,119	76,376	-	3,289,678
Depreciation for the year	9,819	64,199	70,890	8,005	3,834	102,880	-	259,627
Depreciation on disposals	-	(243)	(41,533)	(1,703)	(18,052)	-	-	(61,531)
Transfer in (out)	-	30	-	(30)	-	-	-	-
31 December 2020	108,347	1,462,921	1,426,834	211,515	98,901	179,256	-	3,487,774
Depreciation for the year	2,482	41,370	61,829	8,814	4,255	30,420	-	149,170
Depreciation on disposals	-	(311)	(18,165)	(4,439)	(1,315)	(1,739)	-	(25,969)
31 December 2021	110,829	1,503,980	1,470,498	215,890	101,841	207,937	-	3,610,975
Allowance for impairment loss:								
31 December 2020	-	-	29,894	-	-	-	-	29,894
Increase during the year	-	-	4,789	-	-	-	-	4,789
31 December 2021	-	-	34,683	-	-	-	-	34,683
Net book value:								
31 December 2020	590,967	414,326	208,506	29,536	22,735	117,709	1,466,776	2,850,555
31 December 2021	269,051	373,921	167,937	22,576	17,884	127,349	1,443,740	2,422,458
Depreciation for the year								
2020								259,627
2021								149,170

(Unit: Thousand Baht)

	Separate financial statements							
	Land and improvements	Buildings and construction	Machinery, tools and equipment	Office equipment, furniture and fixtures	Motor vehicles	Right-of-use assets (Note 24)	Assets under installation and under construction	Total
Cost:								
1 January 2020	626,192	1,577,153	1,327,372	201,478	100,995	96,811	-	3,930,001
Additions	-	43,319	24,776	17,956	15,510	4,962	57,620	164,143
Disposals	-	(243)	(33,283)	(1,572)	(10,312)	-	-	(45,410)
Transfer in (out)	3,588	2,763	32,782	(2,731)	-	-	(36,402)	-
31 December 2020	629,780	1,622,992	1,351,647	215,131	106,193	101,773	21,218	4,048,734
Additions	249	891	4,866	1,744	-	41,925	2,952	52,627
Disposals	-	(409)	(10,897)	(4,327)	(358)	-	-	(15,991)
Transfer in (out)	(172)	172	21,035	-	-	-	(21,035)	-
Transfer to investment properties	(319,717)	-	-	-	-	-	-	(319,717)
31 December 2021	310,140	1,623,646	1,366,651	212,548	105,835	143,698	3,135	3,765,653
Accumulated depreciation:								
1 January 2020	92,232	1,326,053	1,217,632	194,205	93,563	992	-	2,924,677
Depreciation for the year	8,747	50,157	31,980	4,032	2,578	82,346	-	179,840
Depreciation on disposals	-	(243)	(33,233)	(1,520)	(9,841)	-	-	(44,837)
Transfer in (out)	-	30	-	(30)	-	-	-	-
31 December 2020	100,979	1,375,997	1,216,379	196,687	86,300	83,338	-	3,059,680
Depreciation for the year	1,951	27,296	31,843	4,945	3,144	11,876	-	81,055
Depreciation on disposals	-	(311)	(10,877)	(4,323)	(358)	-	-	(15,869)
31 December 2021	102,930	1,402,982	1,237,345	197,309	89,086	95,214	-	3,124,866
Net book value:								
31 December 2020	528,801	246,995	135,268	18,444	19,893	18,435	21,218	989,054
31 December 2021	207,210	220,664	129,306	15,239	16,749	48,484	3,135	640,787
Depreciation for the year								
2020								179,840
2021								81,055

A waste-to-energy plant under construction of WPGE Phetchaburi Company Limited (a subsidiary), which net book value as at 31 December 2021 of Baht 1,487 million (2020: Baht 1,493 million), was temporarily suspended in 2019 as discussed in Note 20 to the financial statements.

As at 31 December 2021, certain items of plant, machinery and equipment were fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation of those assets amounted to approximately Baht 2,638 million (2020: Baht 2,580 million) (The Company only: Baht 2,481 million, 2020: Baht 2,466 million).

The Group have pledged land with structures thereon with total net book values as at 31 December 2021 amounting to approximately Baht 429 million (2020: Baht 466 million) (The Company only: Baht 224 million, 2020: Baht 243 million) as collateral against credit facilities received from commercial banks.

As at 31 December 2021, plant and equipment of the Company with net book values totaling Baht 73 million (2020: Baht 90 million) are located on land under lease agreements which expired during the year 2020. The Company is negotiating with the landlord to extend the terms of these land lease agreements.

In December 2020, Fill Up Network Company Limited (a subsidiary) entered into an agreement to sell a petty patent related to its operation in community automated gas stations to a related company at a price of Baht 35 million. The Group recognised loss on sales of petty patent of Baht 27 million and impairment loss on intellectual property of Baht 83 million in the consolidated statement of comprehensive income for the year 2020. As a result, the subsidiary recorded allowance for impairment loss on community automated gas station and oil tankers together with related equipment totaling Baht 30 million in 2020 and Baht 0.6 million in the current year, in order to reduce the carrying amount of the assets to their recoverable amount.

In the consolidated financial statements for the year 2021, depreciation of Baht 104 million was recorded under cost of sales and services, cost of rental of property, factory overhead not allocated to cost of fabrication work and cost of fabrication work (2020: Baht 184 million) (Separate financial statements: Baht 62 million, 2020: Baht 167 million). The balance was recorded in selling and distribution expenses and administrative expenses.

20. Rights to produce and sell electricity from municipal waste

The net book value of rights to produce and sell electricity from municipal waste as at 31 December 2021 and 2020 are presented below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	
	<u>2021</u>	<u>2020</u>
Cost	933,829	933,829
Less: Allowance for impairment loss	(499,531)	(499,531)
Net book value	<u>434,298</u>	<u>434,298</u>

In 2019, WPGE Phetchaburi Company Limited (a subsidiary, held by STP&I Services Company Limited) temporarily suspended the construction of a waste-to-energy plant due to a dispute with the design and construction contractors, as discussed in Note 37.5 to the financial statements, which resulted in production and distribution of electricity falling behind schedule and the need to rectify the power plant to make it fit for purpose and its intended use. The Group's management believes that the effect of the dispute will not result in any damage to the subsidiary. However, the dispute is still in the arbitration process and its outcome cannot be determined and depends on future judicial processes.

During the year 2020, the Group considered whether rights to produce and sell electricity from municipal waste and power plant under construction were impaired. As a result, the Group recorded allowance for impairment loss on rights to produce and sell electricity from municipal waste of Baht 500 million to reduce the carrying amount of the assets to their recoverable amounts.

As at 31 December 2021, the Group considered whether rights to produce and sell electricity from municipal waste were impaired. The Group determined the recoverable amounts based on value in use, using cash flow projections determined based on financial estimates approved by management.

Key assumptions used in value in use calculations are as follows:

	(Unit: Percent per annum)	
	<u>2021</u>	<u>2020</u>
After-tax discount rate	9	9.2
Growth rate	3	3

Management has considered the above and believes that allowance for impairment loss, which was recorded, is appropriate.

21. Short-term loans from financial institutions

	Interest rate		Consolidated financial statements		(Unit: Thousand Baht) Separate financial statements	
	2021	2020	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
	(% per annum) (% per annum)					
Promissory note	1.65	1.40 - 2.50	100,000	888,740	-	-
Total			100,000	888,740	-	-

The Group's bank overdraft and credit facilities from financial institutions are secured by the Group's fixed deposits as discussed in Note 13 to the financial statements and the mortgage some of the Group's land with structures thereon as discussed in Note 19 to the financial statements, and are guaranteed by the Group.

As at 31 December 2021, the bank overdraft of the Group which has not yet been drawn down amounted to Baht 75 million (2020: Baht 75 million).

22. Trade and other payables

	Consolidated financial statements		(Unit: Thousand Baht) Separate financial statements	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Trade payables - related parties (Note 6)	-	21	647	208
Trade payables - unrelated parties	255,357	114,512	179,735	102,579
Other payables - related party (Note 6)	4,691	-	-	-
Other payables - unrelated parties	154,654	154,222	7,987	4,380
Retention payable	18,921	17,010	15,330	12,914
Dividend payable	7,306	7,435	7,306	7,436
Accrued expenses	50,816	19,542	30,813	10,188
Total trade and other payables	491,745	312,742	241,818	137,705

23. Long-term loans from financial institutions

			(Unit: Thousand Baht)			
Loan	Interest rate (%)	Repayment schedule	Consolidated financial statements		Separate financial statements	
			2021	2020	2021	2020
1	Fixed rates for the first to fourth years and at THBFIX plus a margin or a fixed rate from the fifth to eleventh years	Quarterly installments with full settlement due within March 2029	253,604	683,200	-	-
2	Fixed rates for the first to fifth years and at THBFIX plus a margin or a fixed rate from the sixth to seventh years	Monthly installments with full settlement due within October 2026	692,000	836,000	692,000	836,000
3	MLR minus the fixed rate	Monthly installments with full settlement due within December 2030	-	307,500	-	-
Total			945,604	1,826,700	692,000	836,000
Less: Current portion			(172,044)	(231,400)	(144,000)	(144,000)
Long-term loans - net of current portion			773,560	1,595,300	548,000	692,000

Movement of the long-term loans account during the years ended 31 December 2021 and 2020 are summarised below.

		(Unit: Thousand Baht)			
		Consolidated financial statements		Separate financial statements	
		2021	2020	2021	2020
Balance at beginning of year		1,826,700	2,055,086	836,000	980,000
Repayment during the year		(881,096)	(228,386)	(144,000)	(144,000)
Balance at end of year		945,604	1,826,700	692,000	836,000

The loans of the Group are secured by the Company's land with structures thereon, as discussed in Note 19 to the financial statements and the mortgage of land, office buildings and warehouse for rent of subsidiary, as discussed in Note 18 to the financial statements.

The loan agreements contain several covenants which, among other things, require the Company and its subsidiary to maintain a debt-to-equity ratio and a debt service coverage ratio at the rates prescribed in the agreements.

24. Leases

24.1 The Group as a lessee

The Group has lease contracts for various items of property, plant, and equipment used in its operations. Leases generally have lease terms between 1 - 32 years.

a) Right-of-use assets

Movement of right-of-use assets for the years ended 31 December 2021 and 2020 are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements				
	Land	Buildings	Motor vehicles	Machinery and equipment	Total
1 January 2020	108,315	11,306	19,497	76,573	215,691
Additions	2,184	-	3,169	-	5,353
Disposals	(455)	-	-	-	(455)
Depreciation for the year	(76,362)	(6,448)	(5,533)	(14,537)	(102,880)
31 December 2020	33,682	4,858	17,133	62,036	117,709
Additions	10,251	32,696	-	-	42,947
Disposals	-	-	-	(2,887)	(2,887)
Depreciation for the year	(5,846)	(6,178)	(5,477)	(12,919)	(30,420)
31 December 2021	38,087	31,376	11,656	46,230	127,349

(Unit: Thousand Baht)

	Separate financial statements			
	Land	Buildings	Motor vehicles	Total
1 January 2020	75,492	11,306	9,021	95,819
Additions	2,184	-	2,778	4,962
Depreciation for the year	(73,745)	(6,851)	(1,750)	(82,346)
31 December 2020	3,931	4,455	10,049	18,435
Additions	9,230	32,695	-	41,925
Depreciation for the year	(3,701)	(6,178)	(1,997)	(11,876)
31 December 2021	9,460	30,972	8,052	48,484

The movements of right-of-use assets exclude the right-of-use assets which are classified as investment properties which are presented in Note 18 to the financial statements.

b) Lease liabilities

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Lease payments	289,780	1,360,569	50,693	15,995
Less: Deferred interest expenses	(16,629)	(69,107)	(5,271)	(1,107)
Total lease liabilities	273,151	1,291,462	45,422	14,888
Less: Portion due within one year	(26,667)	(41,388)	(10,146)	(10,069)
Lease liabilities - net of current portion	<u>246,484</u>	<u>1,250,074</u>	<u>35,276</u>	<u>4,819</u>

A maturity analysis of lease payments is disclosed in Note 39.2 to the financial statements under the liquidity risk.

c) Expenses relating to leases that are recognised in profit or loss

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Depreciation of right-of-use assets	30,420	102,880	11,876	82,346
Interest expenses on lease liabilities	5,095	5,851	891	1,165

d) Others

The Group had total cash outflows for leases for the year ended 31 December 2021 of Baht 50 million (2020: Baht 125 million) (The Company only: Baht 12 million 2020: Baht 87 million), including the cash outflow related to short-term leases, leases of low-value assets and variable lease payments that do not depend on an index or a rate.

24.2 Group as a lessor

The Group has entered into operating leases for its investment property portfolio consisting of buildings and warehouse, community mall and office buildings (see Note 18) of the lease terms are between 12 - 30 years.

The Group has future minimum rentals receivable under non-cancellable operating leases as at 31 December 2021 and 2020 as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Within 1 year	42,999	225,492	-	-
Over 1 and up to 5 years	171,996	554,172	-	-
Over 5 years	128,997	484,696	-	-
Total	343,992	1,264,360	-	-

25. Provision for long-term employee benefits

Provision for long-term employee benefits comprised severance payment obligations and other long-term employee benefits, long service awards, as detailed below.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Severance payment obligations	65,596	50,014	61,945	47,060
Long service awards	3,258	3,223	2,580	2,637
Total	68,854	53,237	64,525	49,697

25.1 Provision for long-term employee benefits, which represents compensations payable to employee after they retire, was as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Provision for long-term employee benefits				
at beginning of the year	50,014	39,164	47,060	36,040
Included in profit or loss:				
Current service cost	19,040	9,456	18,388	9,192
Interest cost	739	939	556	840
Past service cost	-	5,707	-	275
Included in other comprehensive income:				
Actuarial loss arising from financial assumption changes	-	10,516	-	9,711
Benefits paid during the year	<u>(4,197)</u>	<u>(15,768)</u>	<u>(4,059)</u>	<u>(8,998)</u>
Provision for long-term employee benefits				
at end of the year	<u>65,596</u>	<u>50,014</u>	<u>61,945</u>	<u>47,060</u>

25.2 Provision for other long-term employee benefit which is long service awards, was as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Provision for long-term employee benefits				
at beginning of the year	3,223	2,076	2,637	1,587
Current service cost	600	278	443	227
Interest cost	28	55	24	43
Actuarial loss	-	1,328	-	1,206
Benefits paid during the year	<u>(593)</u>	<u>(514)</u>	<u>(524)</u>	<u>(426)</u>
Provision for long-term employee benefits				
at end of the year	<u>3,258</u>	<u>3,223</u>	<u>2,580</u>	<u>2,637</u>

The Group expects to pay Baht 7 million of long-term employee benefits during the next year (Separate financial statements: Baht 6 million) (2020: Baht 12 million, Separate financial statements: Baht 11 million).

As at 31 December 2021, the weighted average duration of the liabilities for long-term employee benefits is 1 - 12 years (Separate financial statements: 3 - 10 years) (2020: 1 - 12 years, Separate financial statements: 3 - 10 years).

Significant actuarial assumptions are summarised below.

	Consolidated financial statements		Separate financial statements	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
	(% per annum)	(% per annum)	(% per annum)	(% per annum)
Discount rate	0.5 - 1.48	0.5 - 1.48	0.6 - 1.48	0.6 - 1.48
Salary increase rate	1.0 - 3.5	1.0 - 3.5	1.0 - 3.5	1.0 - 3.5
Employee turnover rate (depending on age of employees)	3.5 - 35.0	3.5 - 35.0	3.5 - 35.0	3.5 - 35.0

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 December 2021 and 2020 are summarised below.

(Unit: Thousand Baht)

As at 31 December 2021				
	Consolidated financial statements		Separate financial statements	
	Increase 0.5 %	Decrease 0.5 %	Increase 0.5 %	Decrease 0.5 %
Discount rate	(1,716)	1,933	(1,587)	1,787
Salary increase rate	2,205	1,992	2,046	(1,849)
Employee turnover rate	(172)	174	(158)	159

(Unit: Thousand Baht)

As at 31 December 2020				
	Consolidated financial statements		Separate financial statements	
	Increase 0.5 %	Decrease 0.5 %	Increase 0.5 %	Decrease 0.5 %
Discount rate	(1,561)	1,762	(1,448)	1,636
Salary increase rate	1,755	(1,564)	1,636	(1,456)
Employee turnover rate	(135)	136	(123)	124

26. Statutory 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. At present, the statutory reserve has fully been set aside.

27. Treasury shares

On 19 March 2020, a meeting of the Company's Board of Directors passed a resolution to approve a repurchase of shares for financial management purposes, with a maximum budget of Baht 1,000 million and a limit of 162,483,147 ordinary shares (par value of Baht 0.25 each), or 10 percent of the total number of shares in issue. The repurchase is to be made through the Stock Exchange of Thailand between 3 April 2020 and 2 October 2020 and the repurchased shares are to be sold more than 6 months but not more than 3 years from the date the repurchase is complete. The repurchased shares will not be counted in determining a quorum at shareholders' meetings and will have no voting rights and no rights to receive dividend.

As at 31 December 2021 and 2020, there are 26,180,900 treasury shares (par value of Baht 0.25 each) bought back by the Company, representing 1.61 percent of the total number of shares in issue, for a total of Baht 121 million (excluding costs of buying back the treasury shares). On 11 March 2021, a meeting of the Company's Board of Directors passed a resolution to approve that the treasury shares are to be resold through the Stock Exchange of Thailand between 3 April 2021 and 1 October 2023.

According to letter No. Gor Lor Tor. Chor Sor. (Wor) 2/2005 of the Office of the Securities and Exchange Commission, dated 14 February 2005, concerning the acquisition of treasury shares, a public limited company may buy back treasury shares in an amount not exceeding the amount of its retained earnings and is to appropriate an equal amount of retained earnings to a reserve for treasury shares, which must be maintained until the Company either sells the treasury shares or reduces its paid up share capital by an amount equal to the value of the treasury shares which it could not sell. As at 31 December 2021 and 2020, the Company appropriated the required amount to retained earnings as a reserve for the treasury shares, amounting to Baht 121 million.

28. Expenses by nature

Significant expenses classified by nature are as follow:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2021</u>	<u>220</u>	<u>2021</u>	<u>220</u>
Salaries, wages and other employee benefits	601,291	645,747	547,921	564,383
Depreciation and amortisation	253,225	416,254	85,246	183,402
Construction materials and subcontractors	671,985	478,242	654,609	465,051
Utilities expenses	37,233	44,066	24,640	34,687
Repair and maintenance expenses	27,449	46,089	21,007	39,518
Professional service fees	66,783	59,453	6,126	10,778
Changes in work in progress	-	(25,753)	-	(25,753)
Purchases of finished goods, spare parts and factory supplies	320,879	163,834	1,734	1,079
Changes in finished goods, spare parts and factory supplies	(126,759)	(38,522)	(143,222)	(132,487)

29. Income tax

Income tax expenses for the years ended 31 December 2021 and 2020 are made up as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Current income tax:				
Current corporate income tax charge	12,247	15,532	-	-
Deferred tax:				
Relating to origination and reversal of temporary differences	130,242	(93,758)	3,384	15,626
Income tax expenses (benefit) reported in profit or loss	<u>142,489</u>	<u>(78,226)</u>	<u>3,384</u>	<u>15,626</u>

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2021 and 2020 are as follows:

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Deferred tax relating to				
Actuarial loss	-	(2,053)	-	(1,942)
Gain (loss) on investments in equity designated at fair value through other comprehensive income	2,971	(4,655)	2,971	(4,655)
	<u>2,971</u>	<u>(6,708)</u>	<u>2,971</u>	<u>(6,597)</u>

The reconciliation between accounting profit (loss) and income tax is shown below.

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Accounting profit (loss) before tax	<u>416,120</u>	<u>(1,178,461)</u>	<u>346,214</u>	<u>(522,613)</u>
Applicable tax rate	20%	20%	20%	20%
Accounting profit (loss) before tax multiplied by income tax rate	83,224	(235,692)	60,956	(104,523)
Tax loss for the year which unrecognised to deferred tax assets	26,628	119,278	-	74,521
Utilisation of the tax benefits in the current year which unrecognised to deferred tax assets	(53,521)	(1,487)	(53,521)	-
Effects of:				
Non-deductible expenses	116,341	47,678	982	51,172
Additional expense deductions allowed	(15,376)	(1,903)	(1,559)	(1,863)
Exempted revenue	(11,806)	(6,124)	(11,761)	(3,681)
Others	-	24	-	-
Total	<u>86,159</u>	<u>39,675</u>	<u>(12,338)</u>	<u>45,628</u>
Income tax expenses (benefit) reported in profit or loss	<u>142,490</u>	<u>(78,226)</u>	<u>3,384</u>	<u>15,626</u>

The components of deferred tax assets and deferred tax liabilities are as follows:

(Unit: Thousand Baht)

	Statements of financial position			
	Consolidated financial statements		Separate financial statements	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Deferred tax assets				
Allowance for expected credit losses	375	742	-	-
Allowance for diminution in value of inventories	2,684	1,766	-	-
Accumulated depreciation - plant, machinery and equipment	22,865	23,674	31,131	37,449
Trade and other payables				
(Difference from lease calculation method)	(324)	25,501	-	-
Provision for long-term employee benefits	13,944	9,594	12,905	9,939
Other provisions	1,548	1,475	-	517
Prepaid land rental expenses	10,180	-	-	-
Others	11,950	3,676	502	484
Total	63,222	66,428	44,538	48,389
Deferred tax liabilities				
Unrealised gain on changes in fair value of investments	(12,792)	(10,255)	(12,739)	(10,235)
Rights to produce and sell electricity from municipal waste	(86,860)	(86,860)	-	-
Gain on sales of investment properties	(128,286)	-	-	-
Others	-	(816)	-	-
Total	(227,938)	(97,931)	(12,739)	(10,235)
Deferred tax assets (liabilities) - net	(164,716)	(31,503)	31,799	38,154

Deferred tax assets (liabilities) presented in the statements of financial position:

Deferred tax assets	36,527	59,528	31,799	38,154
Deferred tax liabilities	(201,243)	(91,031)	-	-
	<u>(164,716)</u>	<u>(31,503)</u>	<u>31,799</u>	<u>38,154</u>

As at 31 December 2021, the Group has unused tax losses amounting to Baht 1,781 million (2020: Baht 1,833 million) (The Company only: Baht 1,232 million, 2020: Baht 1,340 million), on which deferred tax assets have not been recognised as the Group believes future taxable profits may not be sufficient to allow utilisation of the unused tax losses. The unused tax losses will expire by 2022 - 2026 (2020: 2021 - 2025).

30. Other income

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Gain on changes in fair value of investments	-	21,480	-	24,068
Gain on sales of investments	35,370	-	33,829	-
Exchange gain	186,671	61,926	184,497	60,098
Others	49,397	29,279	27,978	27,269
Total	<u>271,438</u>	<u>112,685</u>	<u>246,304</u>	<u>111,435</u>

31. Other expenses

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Loss on changes in fair value of investments	7,635	-	7,415	-
Impairment loss on investments in subsidiary (Note 15)	-	-	14,669	179,608
Damages from litigation	-	89,395	-	89,395
Impairment loss on rights to produce and sell electricity (Note 20)	-	499,531	-	-
Impairment loss on equipment and intellectual property (Notes 19)	620	112,913	-	-
Loss on sales of petty patent (Note 19)	-	26,948	-	-
Loss on other long-term provisions	-	25,257	-	-
Impairment loss on goodwill	-	22,034	-	-
Write off of deposit and advance payment for purchase of gas station	-	18,887	-	-
Total	<u>8,255</u>	<u>794,965</u>	<u>22,084</u>	<u>269,003</u>

Damages from litigation is losses incurred as a result of a subcontractor submitting a petition for arbitration to the Thai Arbitration Institute to order the Company to pay damages arising from the payment of wages and late refund of performance guarantee and bank guarantee during the year 2020. In November 2020, the arbitral tribunal ordered the Company to pay compensation of Baht 89 million to the subcontractor. The Company has already paid this amount.

32. Finance cost

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Interest expenses on borrowings	69,266	83,625	29,928	34,806
Interest expenses on lease liabilities	5,094	5,851	891	1,165
Bank charges	3,217	1,548	1,300	1,046
Total	77,577	91,024	32,119	37,017

33. Earnings per share

Basic earnings (loss) per share is calculated by dividing profit (loss) for the year attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year, net of the treasury shares held by the Company.

The following table sets forth the computation of basic earnings (loss) per share:

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Profit (loss) for the year (Thousand Baht)	320,295	(836,676)	342,830	(538,240)
Weighted average number of ordinary shares (Thousand shares)	1,598,650	1,607,642	1,598,650	1,607,642
Earnings (loss) per share (Baht)	0.20	(0.52)	0.21	(0.33)

34. Segment information

Operating segment information is reported in a manner consistent with the internal reports that are regularly reviewed by the chief operating decision maker in order to make decisions about the allocation of resources to the segment and assess its performance. The chief operating decision maker has been identified as the executive committee.

For management purposes, the Group is organised into business units based on its products and services, with six reportable segments as follows:

- (a) Fabrication work for construction and industrial purpose
- (b) Sale of construction machines, and servicing of machinery and maintenance
- (c) Sale of electricity (As at 31 December 2021, the subsidiary has not yet sold electricity under the power purchase agreement, as discussed in Note 20 to the financial statements)

- (d) Rental of property
- (e) Operation of community automated gas stations
- (f) Production and distribution of hemp products (In 2021, the Group has not yet generated any revenue because the subsidiary is in the process of obtaining a license and preparing a site for production)

No operating segments have been aggregated to from the above reportable operating segment.

The chief operating decision maker monitors the operating results of the business units separately for the purpose of making decisions about resource allocation and assessing performance. Segment performance is measured based on operating profit or loss and on a basis consistent with that used to measure operating profit or loss in the financial statements.

The basis of accounting for any transactions between reportable segments is consistent with that for third party transactions.

The following table presents revenue and profit (loss) information regarding the Group's operating segments for the years ended 31 December 2021 and 2020.

(Unit: Million Baht)												
	Fabrication		Sales and		Rental of		Community		Elimination of		Consolidated	
	work (a)		services (b)		property (d)		automated gas		inter-segment		financial	
							station (e)		transactions		statements	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Revenue from external customers												
Revenue from domestic	537	580	430	382	219	291	12	15	-	-	1,198	1,268
Revenue from export	733	415	328	80	-	-	-	-	-	-	1,061	495
Total	1,270	995	758	462	219	291	12	15	-	-	2,259	1,763
Inter-segment revenues	1	-	1	3	-	-	-	-	(2)	(3)	-	-
Total revenues	1,271	995	759	465	219	291	12	15	(2)	(3)	2,259	1,763
Segment operating profit (loss)	78	(178)	307	116	130	145	(2)	(6)			513	77
Unallocated net expenses excluding income tax											(97)	(1,255)
Profit (loss) before income tax											416	(1,178)
Income tax benefit (expenses)											(142)	78
Equity attributable to non-controlling interests of the subsidiaries											46	263
Profit (loss) attributable to equity holders of the Company											320	(837)

Geographic information

Revenue from external customers of the Group is based on locations of the customers as the following:

	(Unit: Million Baht)	
	For the years ended 31 December	
	<u>2021</u>	<u>2020</u>
Thailand	1,198	1,339
Japan	684	43
Spain	346	299
England	17	62
Sri Lanka	-	10
Others	14	10
Total	<u>2,259</u>	<u>1,763</u>

Major customers

For the year 2021, the Group had revenue from three major customers amounting to Baht 1,513 million derived from the fabrication work for construction and industrial purpose segment and provision of services.

For the year 2020, the Group had revenue from two major customers amounting to Baht 670 million derived from the fabrication work for construction and industrial purpose segment.

35. Provident fund

The Group and its employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. The Group contributes to the fund monthly at the rate of 3 or 5 percent of employees' basic salary and its employees contribute to the fund monthly at the rate of 3, 5, 10 and 15 of basic salary. The fund, which is managed by Bangkok Capital Asset Management Company Limited, will be paid to employees upon termination in accordance with the fund rules. The Group's contributions for the year 2021 amounting to approximately Baht 3 million (The Company only: Baht 2 million) (2020: Baht 3 million, The Company only: Baht 2 million) were recognised as expenses.

36. Dividends

Dividends	Approved by	Total dividends (Million Baht)	Dividend per share (Baht)
Interim dividends for 2020	Board of Directors Meeting No. 4/2020 on 27 March 2020	97.49	0.06
Total dividends for 2020		97.49	0.06

37. Commitments and contingent liabilities

37.1 Capital commitments

As at 31 December 2021, the Group had capital commitments of approximately Baht 28 million (2020: Baht 6 million and USD 0.1 million), relating to power plant construction, land improvement, construction and improvement of factory buildings and acquisition of machinery.

37.2 Machine and spare parts purchase contracts

As at 31 December 2021, a subsidiary had contract commitments in relation to the acquisition of machine and spare parts for sale amounting to Baht 4 million, EUR 0.2 million, USD 0.1 million and JPY 260 million (2020: Baht 25 million and JPY 268 million).

37.3 Other commitments

As at 31 December 2021, the Company had outstanding letter of credit with overseas supplier amounting to JPY 203 million (2020: USD 0.1 million).

37.4 Bank guarantees

As at 31 December 2021, there were outstanding bank guarantees of approximately Baht 223 million, USD 27 million and EUR 0.2 million (2020: Baht 188 million, USD 20 million and EUR 0.2 million) issued by banks on behalf of the Group in respect of certain performance bonds as required in the normal course of business. These included letters of guarantee amounting to Baht 125 million, USD 27 million and EUR 0.2 million (2020: Baht 146 million, USD 20 million and EUR 0.2 million) to guarantee contractual performance, Baht 58 million (2020: Nil) to guarantee performance as stipulated in the agreements and Baht 40 million (2020: Baht 42 million) to guarantee electricity use and others.

37.5 Dispute and litigation

In 2016, WPGE Phetchaburi Co., Ltd. (a subsidiary) entered into contracts for the design and construction of a waste-to-energy plant with key contractors, and the construction was started in late 2016. However, due to non-compliant work, in 2019 the subsidiary seized the performance bonds of JPY 131 million and USD 0.4 million. Thereafter, the contractors filed a request for arbitration with the International Chamber of Commerce, claiming approximately Baht 158 million, JPY 352 million and USD 0.4 million, mainly for unpaid invoices and other costs. The arbitral tribunal was officially formed in November 2019. The subsidiary denied all allegations and filed counterclaims of approximately Baht 480 million, JPY 1,286 million and USD 4 million for damages resulting from the contractors' breaches. This arbitration is still ongoing.

In addition, in 2019, the subsidiary was sued by another civil contractor in the Civil Court of Thailand, with claims for unpaid invoices and damages of approximately Baht 180 million plus interest. The subsidiary denied all allegations and filed a counterclaim of approximately Baht 12 million plus interest for damages resulting from the contractor's breach. In October 2020, the Civil Court pronounced the judgement dismissing the contractor's case and ordered the contractor to pay for damages arising from breach of the agreement of Baht 7 million to the subsidiary, plus interest at the rate of 7.5% per annum thereon, from 7 November 2019 until full payment is made. The contractor filed an appeal in January 2021, and the subsidiary submitted an answer brief on 1 April 2021. Subsequently, on 18 March 2022, the Court of Appeal pronounced a judgement ordering the contractor to pay damages to the subsidiary of Baht 7 million, plus interest at the rate of 7.5% per annum from 7 November 2019 until 10 April 2021, and interest at a rate of 5% per annum from 11 April 2021 until full payment is made. Currently, the contractor is preparing to appeal the order of the Court of Appeal to the Supreme Court.

The management of the Group has carried out an assessment and is of the opinion that the subsidiary is not contractually and legally liable to the counterparties as claimed. Consequently, these disputes and litigation should not result in any material damage to the subsidiary and thus it is not necessary to set aside any provision for loss in the accounts.

37.6 Tax assessment

- a) In May 2020, STIT 2011 Company Limited (a subsidiary) received a tax assessment notice for the year 2009 from the Revenue Department, assessing corporate income tax amounting to approximately Baht 37.9 million (including penalties and surcharges). The subsidiary has submitted a letter appealing the assessment to the Tax Appeal Committee of the Revenue Department and the appeal is currently under consideration by the committee. The management of the Group believes that the assessment will have no significant impact on the subsidiary.

- b) In June 2018, the Company received a notice of assessment / collection of import duties and value-added tax from the Customs Department since the Office of the Board of Investment had issued an order revoking some of its tax privileges and benefits of the Company. Therefore, the Company was required to pay import duties for construction materials at rates applied at the date of import, including other related taxes and penalties.

In 2018, the Company recorded expenses regarding duty penalties as set out under the notice of assessment and paid the full amount in order to ensure eligibility for further appeal and prevent the accumulation of penalties pending the appeal. The Company then filed an appeal with the Office of the Board of Investment, the Customs Department and the Revenue Department, seeking to nullify an order revoking tax privileges and benefits and the tax assessment. In November 2019, the Office of the Board of Investment upheld its earlier decision on the revocation of certain tax privileges and benefits offered to the Company. However, the Customs Department and the Revenue Department had yet to deliver their judgement. The Company brought the case to the Central Administrative Court, calling for the Office of the Board of Investment to nullify its revocation order and the cancellation of tax assessment. The case is still under consideration of the Central Administrative Court, and the outcome remains uncertain.

38. Fair value hierarchy

As at 31 December 2021 and 2020, the Group had the assets and liabilities that were measured at fair value or disclosed fair value using different levels of inputs as follows:

(Unit: Million Baht)

	As at 31 December 2021			
	Consolidated financial statements			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Financial assets measured at FVTPL				
Equity instruments	216	-	-	216
Debt instruments	-	1,555	-	1,555
Financial assets measured at FVOCI				
Equity instruments	246	-	-	246
Derivatives				
Foreign exchange forward contracts	-	3	-	3
Assets for which fair value are disclosed				
Investment properties	-	-	2,670	2,670
Liabilities measured at fair value				
Derivatives				
Foreign exchange forward contracts	-	9	-	9

(Unit: Million Baht)

As at 31 December 2020

Consolidated financial statements

	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Financial assets measured at FVTPL				
Equity instruments	179	-	-	179
Debt instruments	-	1,274	25	1,299
Financial assets measured at FVOCI				
Equity instruments	191	-	-	191
Assets for which fair value are disclosed				
Investment properties	-	-	4,956	4,956
Liabilities measured at fair value				
Derivatives				
Foreign exchange forward contracts	-	1	-	1

(Unit: Million Baht)

As at 31 December 2021

Separate financial statements

	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Financial assets measured at FVTPL				
Equity instruments	216	-	-	216
Debt instruments	-	1,091	-	1,091
Financial assets measured at FVOCI				
Equity instruments	246	-	-	246
Derivatives				
Foreign exchange forward contracts	-	3	-	3
Assets for which fair value are disclosed				
Investment properties	-	-	404	404
Liabilities measured at fair value				
Derivatives				
Foreign exchange forward contracts	-	9	-	9

(Unit: Million Baht)

As at 31 December 2020				
Separate financial statements				
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Financial assets measured at FVTPL				
Equity instruments	179	-	-	179
Debt instruments	-	1,023	16	1,039
Financial assets measured at FVOCI				
Equity instruments	191	-	-	191
Assets for which fair value are disclosed				
Investment properties	-	-	64	64
Liabilities measured at fair value				
Derivatives				
Foreign exchange forward contracts	-	1	-	1

39. Financial instruments

39.1 Derivatives

The Group uses foreign exchange forward contracts to manage some of its transaction exposures. The contracts are entered into for periods consistent with foreign currency exposure of the underlying transactions, generally from 3 to 12 months.

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Derivative assets				
Derivative assets not designated as hedging instruments				
Foreign exchange forward contracts	2,709	17	2,501	17
Derivative liabilities				
Derivatives liabilities not designated as hedging instruments				
Foreign exchange forward contracts	8,523	743	8,455	743
Foreign exchange options	235	10	235	10
Total derivative liabilities	8,758	753	8,690	753

39.2 Financial risk management objectives and policies

The Group' financial instruments principally comprise the following:

Financial assets

- Cash and cash equivalents
- Other current financial assets
- Trade and other receivables
- Loans to subsidiary
- Restricted bank deposits
- Other non-current financial assets

Financial liabilities

- Loans from financial institutions
- Trade and other payables
- Lease liabilities

The financial risks associated with these financial instruments and how they are managed is described below.

Credit risk

The Group are exposed to credit risk primarily with respect to trade receivables, contract assets, loans, cash at banks and other financial instruments. The maximum exposure to credit risk is limited to the carrying amounts as stated in the statement of financial position.

Trade receivables and contract assets

The Group manages the risk by adopting appropriate credit control policies and procedures and therefore does not expect to incur material financial losses. In addition, outstanding trade receivables and contract assets are regularly monitored.

An impairment analysis is performed at each reporting date to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar credit risks. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Financial instruments and cash at banks

The Group manages the credit risk from balances with banks and financial institutions by making investments only with approved counterparties. The credit risk on debt instruments and derivatives is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

Market risk

There are two types of market risk comprising foreign currency risk and interest rate risk. The Group enters into a variety of derivatives to manage its risk exposure.

Foreign currency risk

The Group's exposure to the foreign currency risk relates primarily to its trading transactions that are denominated in foreign currencies. The Group seeks to reduce this risk by entering into foreign exchange forward contracts when it considers appropriate. Generally, the forward contracts mature within one year.

As at 31 December 2021 and 2020, the balances of financial assets and liabilities denominated in foreign currencies are summarised below.

Currency	Consolidated		Separate		Average exchange rate	
	financial statements		financial statements			
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
<u>Financial assets</u>						
US dollar	57.8	58.2	57.8	58.1	33.4199	30.0371
Euro	0.1	1.1	0.1	1.1	37.8948	36.8764
Japanese yen	-	0.4	-	-	-	0.2907
<u>Financial liabilities</u>						
US dollar	0.6	4.9	0.6	4.8	33.4199	30.0371
Euro	0.1	-	-	-	37.8948	-
Japanese yen	206.1	0.8	-	-	0.2906	0.2907

Foreign exchange contracts outstanding are summarised below.

Currency	As at 31 December 2021			
	Consolidated	Separate	Contractual	Contractual
	financial statements	financial statements	maturity date	exchange rate
	(Million)	(Million)		(Baht per 1 foreign currency unit)
<u>Sold amount</u>				
US dollar	35.5	35.5	31 May 2022	32.50 - 34.00
Euro	0.1	0.1	13 January 2022	38.67
<u>Bought amount</u>				
JPY	103.6	-	24 January 2022	0.28 - 0.29
US dollar	0.1	-	20 May 2022	32.74 - 33.20
Euro	0.1	-	24 May 2022	37.22 - 37.82

As at 31 December 2020				
Currency	Consolidated financial statements	Separate financial statements	Contractual maturity date	Contractual exchange rate
	(Million)	(Million)		(Baht per 1 foreign currency unit)
<u>Bought amount</u>				
US dollar	0.5	0.5	12 January 2021	31.52
Euro	0.2	0.2	25 January 2021	36.81

Foreign exchange options outstanding are summarised below.

As at 31 December 2021				
Currency	Consolidated financial statements	Separate financial statements	Contractual maturity date	Contractual exchange rate
	(Million)	(Million)		(Baht per 1 foreign currency unit)
US dollar	2.5	2.5	27 May 2022	33.75 - 34.00

As at 31 December 2020				
Currency	Consolidated financial statements	Separate financial statements	Contractual maturity date	Contractual exchange rate
	(Million)	(Million)		(Baht per 1 foreign currency unit)
US dollar	0.5	0.5	7 January 2021	31.20 - 31.75

The Group entered into foreign exchange option with other details as specified in the conditions of such contract.

Foreign currency sensitivity

The following tables demonstrate the sensitivity of the Group's profit before tax to a reasonably possible change in the US dollar, Euro and Japanese yen exchange rates, with all other variables held constant. The impact on the Group's profit before tax is due to changes in the fair value of monetary assets and liabilities as at 31 December 2021 and 2020. The Group's exposure to foreign currency changes for all other currencies is not material.

Currency	2021		2020	
	Increase/decrease	Effect on profit	Increase/decrease	Effect on profit
		before tax		before tax
	(%)	(Thousand Baht)	(%)	(Thousand Baht)
US dollar	+1.00	18,465	+1.00	17,416
	- 1.00	(18,465)	- 1.00	(17,416)
Euro	+1.00	31	+1.00	396
	-1.00	(31)	-1.00	(396)
Japanese yen	+1.00	(599)	-	-
	-1.00	599	-	-

This information is not a forecast or prediction of future market conditions and should be used with care.

Interest rate risk

The Group's exposure to interest rate risk relates primarily to its interest-bearing cash at banks and short-term and long-term borrowings. However, because of most of the Group's financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate, the Group does not use derivatives to manage its interest rate risk.

As at 31 December 2021 and 2020, significant financial assets and liabilities classified by type of interest rate are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.

(Unit: Million Baht)

	As at 31 December											
	Consolidated financial statements											
	Fixed interest rates				Floating		Non-interest		Total		Interest rate	
	Within 1 year		1 - 4 years		interest rate		bearing				(% per annum)	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Financial assets												
Cash and cash equivalents	592	111	-	-	373	339	15	37	980	487	0.04 - 0.50	0.05 - 0.50
Trade and other receivables	-	-	-	-	-	-	483	326	483	326	-	-
Retention receivables	-	-	-	-	-	-	25	18	25	18	-	-
Other current financial assets	1,031	1,125	-	-	-	-	1,239	948	2,270	2,073	0.51 - 10.0	0.40 - 9.03
Restricted bank deposits	74	837	-	-	-	14	-	-	74	851	0.05 - 0.25	0.05 - 0.50
Other non-current financial assets	-	-	-	-	-	-	246	191	246	191	-	-
Long-term loan to other company	-	-	80	80	-	-	-	-	80	80	6.00	6.00

(Unit: Million Baht)

As at 31 December												
Consolidated financial statements												
Fixed interest rates				Floating		Non-interest		Total		Interest rate		
Within 1 year		1 - 4 years		interest rate		bearing				(% per annum)		
2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2020
Financial liabilities												
Short-term loans from												
financial institutions	100	889	-	-	-	-	-	100	889	1.65	1.40 - 2.00	
Trade and other payables	-	-	-	-	-	492	313	492	313	-	-	
Long-term loans from												
financial institutions	151	207	168	346	627	1,274	-	946	1,827	Note 23	Note 23	
Lease liabilities	27	41	246	1,250	-	-	-	273	1,291	2.02 - 9.29	2.02 - 9.29	

(Unit: Million Baht)

As at 31 December												
Separate financial statements												
Fixed interest rates				Floating		Non-interest		Total		Interest rate		
Within 1 year		1 - 4 years		interest rate		bearing				(% per annum)		
2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2020
Financial assets												
Cash and cash equivalents	590	111	-	-	232	186	15	837	332	0.04 - 0.50	0.05 - 0.50	
Trade and other receivables	-	-	-	-	-	-	451	451	285	-	-	
Retention receivables	-	-	-	-	-	-	25	25	18	-	-	
Short-term loans to subsidiary	520	520	-	-	-	-	-	520	520	1.50	2.50	
Other current financial assets	1,031	1,125	-	-	-	-	775	1,806	1,814	0.51 - 10.00	0.40 - 9.03	
Restricted bank deposits	23	800	-	-	-	-	-	23	800	0.20 - 0.50	0.25 - 0.50	
Other non-current financial assets	-	-	-	-	-	-	246	246	191	-	-	
Long-term loans to subsidiary	-	-	1,061	1,028	-	-	-	1,061	1,028	4.50	4.50	
Long-term loan to other company	-	-	80	80	-	-	-	80	80	6.00	6.00	
Financial liabilities												
Trade and other payables	-	-	-	-	-	-	242	242	138	-	-	
Long-term loans from												
financial institutions	144	144	168	312	380	380	-	692	836	Note 23	Note 23	
Lease liabilities	10	10	35	5	-	-	-	45	15	2.02 - 9.29	2.25 - 9.29	

Interest rate sensitivity

The following table demonstrates the sensitivity of the Group's profit before tax to a reasonably possible change in interest rates on floating rate loans affected as at 31 December 2021 and 2020.

Currency	2021		2020	
	Increase/decrease	Effect on profit	Increase/decrease	Effect on profit
		before tax		before tax
	(%)	(Thousand Baht)	(%)	(Thousand Baht)
Baht	+1.00	(3,568)	+1.00	(10,436)
	-1.00	3,568	-1.00	10,436
US dollar	+1.00	1,160	+1.00	1,197
	-1.00	(1,160)	-1.00	(1,197)

The above analysis has been prepared assuming that the amounts of the floating rate loans from and all other variables remain constant over one year. Moreover, the floating legs of loans from are assumed to not yet have set interest rates. As a result, a change in interest rates affects interest receivable/payable for the full 12-month period of the sensitivity calculation. This information is not a forecast or prediction of future market conditions and should be used with care.

Liquidity risk

The Group manages the liquidity risk by establishing a suitable short-term and long-term capital structure. In addition, the Group has a liquidity policy to ensure that it has sufficient liquidity for its current and future needs.

The table below summarises the maturity profile of the Group's non-derivative financial liabilities as at 31 December 2021 and 2020 based on contractual undiscounted cash flows.

(Unit: Thousand Baht)

	Consolidated financial statements			
	As at 31 December 2021			
	Less than 1 year	1 to 5 years	Over 5 years	Total
Non-derivatives				
Short-term loans from financial institutions	100,086	-	-	100,086
Trade and other payables	444,249	41,709	5,787	491,745
Long-term loans from financial institutions	202,002	725,094	94,154	1,021,250
Lease liabilities	29,639	69,316	190,825	289,780
Total non-derivatives	775,976	836,119	290,766	1,902,861

(Unit: Thousand Baht)

Consolidated financial statements

	As at 31 December 2020			
	Less than	1 to 5	Over	Total
	1 year	years	5 years	
Non-derivatives				
Short-term loans from financial institutions	892,129	-	-	892,129
Trade and other payables	266,151	46,591	-	312,742
Long-term loans from financial institutions	291,638	1,116,342	629,574	2,037,554
Lease liabilities	45,793	110,830	1,203,946	1,360,569
Total non-derivatives	1,495,711	1,273,763	1,833,520	4,602,994

(Unit: Thousand Baht)

Separate financial statements

	As at 31 December 2021			
	Less than	1 to 5	Over	Total
	1 year	years	5 years	
Non-derivatives				
Trade and other payables	231,698	5,618	4,502	241,818
Long-term loans from financial institutions	167,761	577,569	-	745,330
Lease liabilities	12,042	33,993	4,658	50,693
Total non-derivatives	411,501	617,180	9,160	1,037,841

(Unit: Thousand Baht)

Separate financial statements

	As at 31 December 2020			
	Less than	1 to 5	Over	Total
	1 year	years	5 years	
Non-derivatives				
Trade and other payables	128,555	9,150	-	137,705
Long-term loans from financial institutions	173,233	629,674	115,656	918,563
Lease liabilities	10,595	5,400	-	15,995
Total non-derivatives	312,383	644,224	115,656	1,072,263

39.3 Fair values of financial instruments

The majority of the Group's financial instruments are short-term in nature and deposits at financial institutions and loans bear interest at rates that closed to the market interest rate, their fair value is not expected to be materially different from the amounts presented in the statements of financial position.

The fair value of derivatives has been determined using a discounted future cash flow model and a valuation model technique. Most of the inputs used for the valuation are observable in the relevant market, such as spot rates and forward rate of foreign currencies. The Group considers counterparty credit risk when determining the fair value of derivatives.

During the current year, there were no transfers within the fair value hierarchy.

40. Capital management

The primary objective of the Company's capital management is to ensure that it has appropriate capital structure in order to support its business and maximise shareholder value and it meets financial covenants attached to the loan agreements. The Group has complied with these covenants throughout the reporting periods.

As at 31 December 2021, the Group's debt-to-equity ratio was 0.5:1 (2020: 0.7:1) and the Company's debt-to-equity ratio was 0.2:1 (2020: 0.2:1).

41. Approval of the financial statements

These financial statements were authorised for issue by the Company's authorised directors on 28 February 2022.

■ Appendix 1: Details of who was assigned the responsibility of overseeing the company's accounts ■

Mr. Wasan Sonkaew

Age 46 Years

Finance & Accounting Section Manager

Subject	Description
Stock Holding	- None
Qualification	<ul style="list-style-type: none"> - Master of Accountancy Kasetsart University, Bangkok - Bachelor of Business Administration (Accounting) Rajamangala University of Technology Lanna - Orientation Course - CFO Focus on Financial Reporting Class 2/2018 (Federation of Accounting Professions Under The Royal Patronage of His Majesty The King & The Securities and Exchange Commission, Thailand) - Effects of the New Financial Reporting Standards on Revenue from Customer Contracts (TFRS 15) and Leases (TFRS 16) on Financial Reporting (The Stock Exchange of Thailand) - Insight Financial management - Empower the business through professional financial management (The Stock Exchange of Thailand) - Transfer Pricing Act - The preparedness and prevention of the case are examined. (Investor Club Association)
Experience	<ul style="list-style-type: none"> - Revenue Department Officer Revenue Department / Chainat - Accounting Officer (General Ledger) STP&I Plc.
Relationship with other Executives	- None
Prohibited Qualifications/Committed an Offence	- None

■ Appendix 2 : Details of the Directors of the Subsidiary ■

Names of subsidiaries Name of Directors	STIT Co., Ltd. (100% of Holding)	STIT 2011 Co., Ltd. (100% of Holding)	STP&I Services Co., Ltd. (100% of Holding)	WPGE Phetchaburi Co., Ltd. (60% of Holding)	ST Property & Logistics Co., Ltd. (100% of Holding)	Fill Up Network Co., Ltd. (100% of Holding)	ST Hill Co., Ltd. (By STPL) (100% of Holding)	ST Hub Co., Ltd. (By STPL) (100% of Holding)	Cannatory Co., Ltd. (100% of Holding)
Mr. Chamni Janchai									X
Mr. Masthawin Charnvirakul	/ //				X	X			/
Mr. Yanyong Nitisaraj		/							
Mrs. Atitaya Charnvirakul				/	/ //	/ //	/ //	/ //	
Mr. Choavalit Limpanich	/		/ //	X	/	/ //			/
LT. JG. Kitt Junsangsi	/ //		/ //	/					
Mrs. Anilrat Nitisaraj				/ //	/ //		/ //	/ //	/ //
Ms. Supattra Yangtrong	/			/ //	/ //	/			
Ms. Romchalee Chanprasit				/					
Mr. Tanee Plookchareon				/					
Mr. Tanawat Tishabhiramya				/					

Remark : X = Chairman of the Board / = Director // = Executive Director

■ Appendix 3 : Details of the head of internal audit ■

Ms. Ramrada Khangrang

Age 39 Years

Internal Audit Manager

Subject	Description
Stock Holding	- None
Qualification	<ul style="list-style-type: none"> - MBA, General Management Ramkhamhaeng University - BA, Accounting information system The University of the Thai chamber of commerce - ISO 9001:2018 Quality Management System - COSO 2013 Internal control frameworks - Risk Management - Smart Disclosure Program (SDP)
Experience	<ul style="list-style-type: none"> - Internal Auditor <ul style="list-style-type: none"> * Sino-Thai Engineering and construction Pcl. - Senior internal Auditor <ul style="list-style-type: none"> * Ananda Development Pcl - Assistant Vice President <ul style="list-style-type: none"> * Origin Property Pcl.
Relationship with other Executives	- None
Prohibited Qualifications/Committed an Offence	- None

Duties and responsibilities of the head of internal audit

1. Supervise the performance of internal auditors and senior internal auditors in accordance with professional standards.
2. Define the objectives, goals and scope of the internal audit along with annual audit plans (Audit plan) proposed to top management (Managing Director) and the Audit Committee of the Company to consider and approve
3. Set performance standards and review the performance in accordance with the established standards.
4. Review processes as planned for the year and provide suggestions and consultation with relevant departments in the audit.
5. Prepare audit programs that are suitable for the company's time period.
6. Review the audit report and give suggestions for improvement before presenting the top management (Managing Director) and Audit Committee
7. Follow up the performance according to the audit plan, to improve work efficiency of the Internal Audit Department in providing services to the executives of various departments of the company
8. Follow up audit results of every process and report the progress of correction periodically.
9. Provide training to develop the potential of internal auditors at all levels to have the knowledge and ability for working to achieve the target and to have the performance appraisal at all levels in the internal audit department.
10. Providing advice, opinions and recommendations on guidelines for compliance with regulations, orders and internal controls with the examination departments
11. Perform special tasks as assigned by top management (Managing Director) and Audit Committee
12. Managing of the personal management and administrative management of the Internal Audit Department

■ Appendix 4 : Details about the property appraiser ■

- None -

■ Appendix 5 : Report of the Audit Committee for the year 2021 ■

Audit Committee of STP & I Public Company Limited which consists of a panel of experts that are independent experience and meet the requirements of the Stock Exchange of Thailand with Dr. Wicha Jiwalai Chairman of the Audit Committee Police General Jate Mongkolhutthi and Miss Sirangrong Chowiiwatana are Member of Audit Committee.

In 2021, The Audit Committee held 5 meetings. The details of the meeting are as follows;

List of the Audit Committee	Number of times attended / total times
Dr. Wicha Jiwalai	5/5
General Jate Mongkolhutthi	5/5
Miss Sirangrong Chowiiwatana	5/5

The Audit Committee has performed their duties and responsibilities as assigned by the Board of Directors in accordance with the Audit Committee Charter in reviewing the Company's financial statements, related transactions, risk management, internal audit system and law compliance, as well as having discussion and exchanging ideas with the management and internal auditor, and meeting with the auditor without the management to discuss independently on important matters of the preparation of the financial statements and the annual audit plan. This is in line with the regulations of the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET) in its entirety.

Summary of the duties of the Audit Committee are as follows.

1. Review of the Quarterly Financial Statements and the Annual Financial Statement

The Audit Committee reviewed the Quarterly and Annual Financial Statements 2021 of the Company and its subsidiaries and received clarification from the management and the Independent Auditor relating to the accuracy and the completeness of the financial statements, and the adequacy of information disclosure. Therefore, the Audit Committee agreed that the aforesaid financial statements are correct in all material respects in accordance with Thai Financial Reporting Standards; and the information disclosure in those financial statements is punctual, correct and complete.

2. Review of the Internal Control System

The Audit Committee together with the Internal Auditor reviewed the Company internal control on a regular basis and examined all internal audit reports according to the approved work plans, covering the significant working systems of the Company, including the securities of information system. The Audit Committee agreed that the Company and its subsidiaries have adequate, suitable and updated internal controls. The Audit

Committee also urged the management to constantly improve the internal control system and reviewed the Company's risk management and found it to be efficient and effective.

3. Monitoring of the Internal Audit

The Audit Committee considered the work plans, scope of work, independence, manpower, and budgets of the Internal Audit Department to be appropriate and in conformity with the internal audit guidelines of the Stock Exchange of Thailand (SET). The Audit Committee agreed that the Company's internal audit was carried out continuously effectively and on a timely and basis. The Audit Committee realized the significance of the internal audit and therefore given its regular support to the internal audit both in terms of personnel development and guidelines of audit to be in accordance with the prescribed standard.

4. Compliance with the Law and the Government Regulations

The Audit Committee reviewed the compliance with Rules and Regulations of the Securities and Exchange Commission, regulations of the Stock Exchange of Thailand, the law relating to the Company's business operations; and deemed that there is no significant issue relating to non-compliance with the law, regulations, and other related laws.

5. Review and monitor risk management of the Company's business operations

The Audit Committee reviewed and monitored risk management of the Company's business operations and its subsidiaries. That process included risk identification, risk assessment in term of probability of occurrence and effect to the business operations including financial risks, interest rate risk, market risk and operational risks, and set measures to close or reduce risks on a regular basis both short-term and long-term. Audit Committee agreed that the Company and its subsidiaries have proper strategic plan and procedure to manage the business risk to be minimal.

6. Review and Comments on Related Transactions or those with Potential Conflict of Interest

The Audit Committee agreed with the Independent Auditor that, according to the Regulations of the Stock Exchange of Thailand and the Securities and Exchange Commission, no significant related transactions and/or those with potential conflict of interest was found. In the Audit Committee Meeting No.2/2021 held on 13 May 2021, considered the related transactions that may have conflicts of interest with the Sino-Thai Engineering and Construction Public Company Limited which reviewed and considered that it is a business transaction with normal business term and the price are negotiated without any transfer of benefits between them, for selling and renting machinery included providing the related services which is a normal business of the Company's group by;

6.1 Retify for entering into related transaction between the Company and its subsidiary (STIT Company Limited) and Sino-Thai Engineering and Construction Public Company Limited or its subsidiaries for purchase orders that happened in 2020.

6.2 Approval for entering into related transaction in normal business that will occur in the year 2021 between the Company and its subsidiary and Sino-Thai Engineering and Construction Public Company Limited or its subsidiaries.

7. Self-Performance Appraisal

To comply with the best practices guidelines for the Audit Committee, the Audit Committee conduct the self-performance appraisal annually. In 2021, the self-performance appraisal result of the Audit Committee can be summarized that the Audit Committee has performed its duties fully according to its Charter and complied with the best practice guidelines for the Audit Committee, which will result in effective implementation of the rules of good corporate governance and report the result to the Board of Directors to acknowledgement.

8. Selection, Nomination, and Remuneration of the Independent Auditor

The selection, nomination and remuneration of the Independent Auditor of 2021 shall be proposed for the Board of Directors to request for approval in the Annual General Meeting (AGM) 2021, whereas, the Audit Committee considered work performance, independence, and appropriateness of the remuneration, which shall not be contrary to the Notification of the Office of the Securities and Exchange Commission and the Stock Exchange of Thailand governing the circulation of auditors. Therefore, it is deemed expedient to appoint the certified public accountants of EY Office Limited as the Company's Independent Auditor of 2021, with a total remuneration of Baht 1,450,000.

9. Reporting of the Resolution of the Board of Directors

The Audit Committee reported all minutes of its meetings and the internal audit appraisal to the Board of Directors in accordance with the guidelines of best practices of the Audit Committee.

10. Review and update the Charter of the Audit Committee

The Audit Committee meeting approved the revision of the Audit Committee Charter and the Internal Audit Department Charter, and proposed to the Board of Directors for approval on 8 December 2021. There is an amendment to the content to be appropriate and covers the current duties of the Audit Committee.

In summary for the year 2021, the Audit Committee performed its duties fully in accordance with its Charters approved by the Board of Directors. The Audit Committee gave opinion that the Company has implemented its good corporate governance practice, prepared its financial statements in accordance with Thai Financial Reporting Standards, disclosed the correct, complete, and adequate information in the financial report, provided its appropriate internal control, adhered to the business ethics, and complied with the rules, regulations, and related laws, thus, in conformity with the Notification of the Office of the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET).

Dr. Wicha Jiwalai

Chairman of the Audit Committee

■ Appendix 6 : Report of Board of Director on the Company's Financial Statement ■

The Company's Board of Directors is responsible for the separate financial statements of the Company and the consolidated financial statements of the Company and its subsidiaries as well as financial information presented in the annual reports. The financial statements for the year ended 31 December 2021. In preparing the financial statements, appropriate accounting policies have been adopted and regularly adhered to, using careful discretion and reasonable estimates. As well, key information has been adequately disclosed in the notes to the financial statements. The purpose is to ensure that the disclosed information rightly reflect the Company's financial status, performance and cash flows in a transparent manner, which are beneficial to the investing public. Importantly, the certified auditor from EY Office Limited has audited the financial statements and issued an unqualified opinion on them.

The Board of Directors has also put in place and maintained risk management systems, internal control systems, internal audit systems and appropriate and efficient corporate governance to ensure that accounting records are accurate, reliable, timely and adequate to protect the company's assets as well as to prevent fraud and significant irregular operations. In this connection, the Board of Directors has appointed the Audit Committee with all of its members being independent directors. The Committee is responsible for reviewing accounting policies and ensuring the quality of financial reports. It is also responsible for reviewing internal control systems, the internal audit systems, and the risk management systems. As well, it is responsible for ensuring that the disclosure of information about related party transactions is complete, adequate and appropriate. The opinion of the Audit Committee is given in its report which is already included in this Annual Report.

The Board of Directors is the overall internal control systems are adequate and appropriate and gives rise to the reasonable confidence that the separate financial statements of the Company as well as the consolidated financial statements of the Company and its subsidiaries for the year ended 31st December 2021 are reliable and in compliance with Thai Financial Reporting Standards as well as the related laws and regulations.

Board of Directors

■ Appendix 7 : Company policies ■

Corporate governance policy

The company disclosed “Corporate governance policy” at the company website. You can view the full version by following the QR Code below.



Corporate governance policy

Or click on the link <https://www.stpi.co.th/investor-relations-th/corporate-governance/>

Code of Business Conduct

The company disclosed “Code of Business Conduct” at the company website. You can view the full version by following the QR Code below.



Code of Business Conduct

Or click on the link <https://www.stpi.co.th/investor-relations-th/corporate-governance/>

Corporate Social Responsibility

The company disclosed "Corporate Social Responsibility" at the company website. You can view the full version by following the QR Code below.



Corporate Social Responsibility

Or click on the link <https://www.stpi.co.th/investor-relations-th/corporate-governance/>

Anti Corruption Policy

The company disclosed "Anti Corruption Policy" at the company website. You can view the full version by following the QR Code below.



Anti Corruption Policy

Or click on the link <https://www.stpi.co.th/investor-relations-th/corporate-governance/>

Good practices on the receiving and giving gifts or other benefits

The company disclosed "Good practices on the receiving and giving gifts or other benefits " at the company website. You can view the full version by following the QR Code below.



Good practices on the receiving and giving gifts or other benefits

Or click on the link <https://www.stpi.co.th/investor-relations-th/corporate-governance/>

Risk Management Policy

The company disclosed “Risk Management Policy” at the company website. You can view the full version by following the QR Code below.



Risk Management Policy

Or click on the link <https://www.stpi.co.th/investor-relations-th/corporate-governance/>

Personal Data Protection Policy

The company disclosed “Personal Data Protection Policy” at the company website. You can view the full version by following the QR Code below.



Personal Data Protection Policy

Or click on the link <https://www.stpi.co.th/investor-relations-th/corporate-governance/>



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