

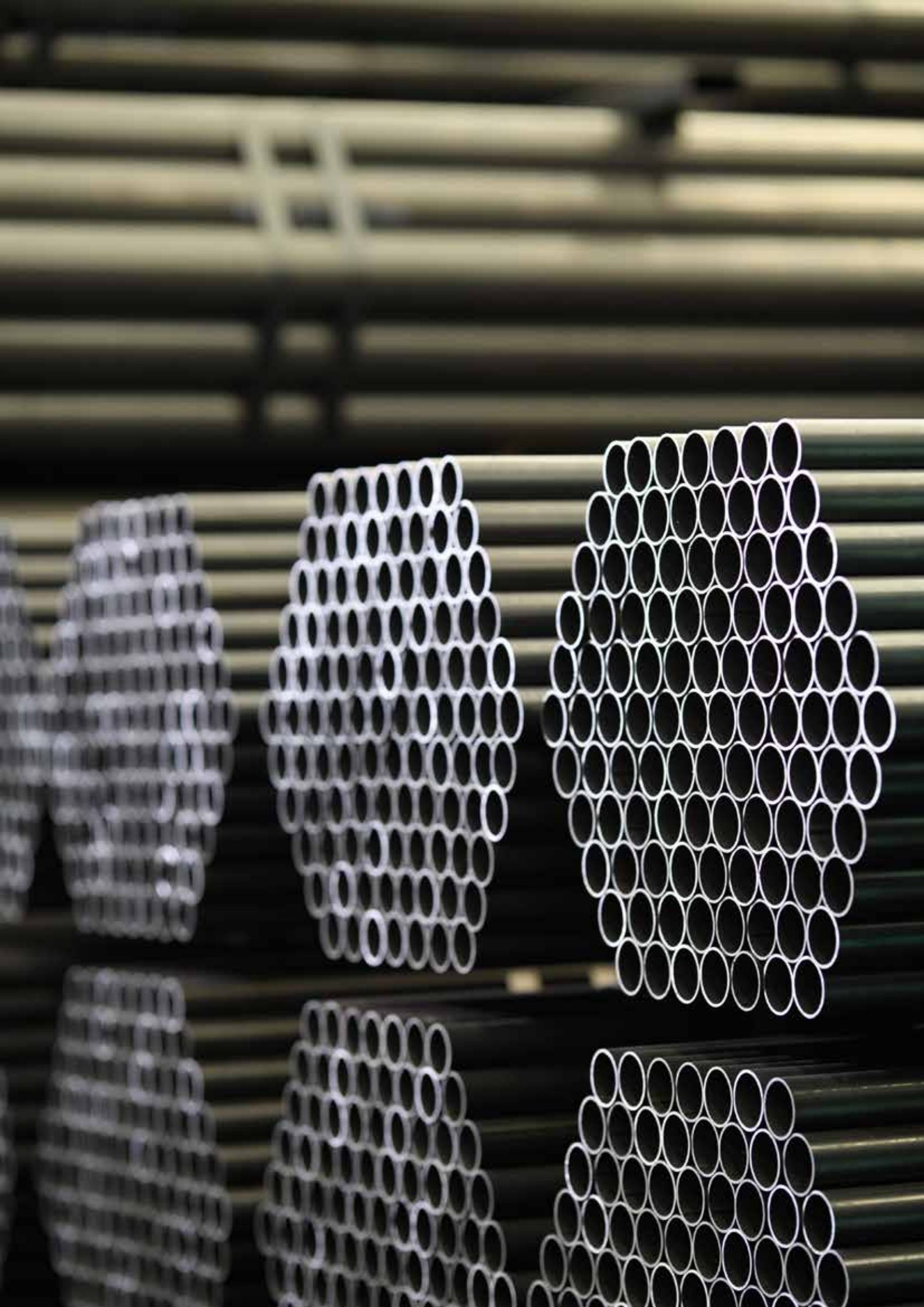
Annual Report

(56-1 One report)

2021

Pacific Pipe Public Company Limited





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Annual Report 2021

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A photograph of a modern building with a series of white, rectangular columns and balconies, set against a blue sky with light clouds. The image is partially obscured by large, overlapping circular shapes in orange, red, and cream colors. The red circle on the right contains a faint, repeating pattern of interlocking loops.

**YOUR PARTNER
FOR TOTAL SOLUTIONS**

CHANGE



● **Customer Experience**



● **Honesty & Integrity**



● **Accountability & Reliability**



● **Networking & Collaboration**



● **Growth & Development**



● **Excellence with Passion**

MESSAGE FROM CHAIRMAN

In 2021, the pandemic situation of the COVID-19 virus still remains and is an important cause of various factors which inevitably impact the global economy. The Company itself has been operating under circumstances that are difficult to forecast throughout the year. Due to the the Thai government's relaxation of lockdown measures and opening the country for travelers towards the end of the year, Thailand's economic growth in 2021 has expanded by 1.6 percent, an improvement compared to a 6.2 percent drop in 2020, according to the Office of the National Economic and Social Development Council. However, Thailand still faces pressure from high levels of household debt and oil prices which are rising continuously. As a result, private consumption decreased.

Meanwhile, the global steel industry in 2021 saw steel consumption increase by 2.2 percent from the previous year, accounting for 41 million tons, in line with the steel demand in Thailand which has increased by 15% from the year 2020, or equivalent to the volume of 18.9 million tons. In 2021, the Company had operating income of 9,613.36 million baht, an increase of 31.69% from 2020 and a net profit of 554.69 million baht, an increase from the year before, accounting for 173.22% of steel prices in the world market and domestic markets have increased continuously. Additionally, the Company has ensured to manage the inventory to have an appropriate amount, manage the quality of debtors, use digital technology to increase production efficiency, reduce redundant work processes and mistakes for the highest benefit of customers and stakeholders.

The Company focuses on sustainability development by operating the business with good governance under the concept of "Foundation for a sustainable future" to lay the foundation of the corporation towards sustainable business operations both in economic, social, and environmental dimensions concretely. As a result, the Company received the "ESG Emerging Company" award from Thaipat Institute. In addition, the Company has received the result of the Corporate Governance Assessment of Thai Listed Companies (CGR) by the Thai Institute of Directors Association (IOD) with the rating of "Excellent" () for the 3rd year in a row, which can reflect that the Company has adhered to the guidelines in accordance with the principles of good corporate governance continuously along with the code of conduct with responsibility to stakeholders, society, and environment. We are ready to move forward with our business that can grow strongly and sustainably together. At the same time, the Company It is also certified as a member of the Thai Private Sector Collective Action Coalition Against Corruption.

Finally, the board of directors, executives, and employees would like to thank all shareholders, customers, business partners and major stakeholders for your confidence in the Company. Throughout our history, the Company has committed to building business success and conduct business carefully and adhere to the principles of good governance for the best interests of all parties.



Mr. Kriengkrai Rukkulchon
Chairman



AWARDS



Corporate Governance Scoring "Excellent "



Member of Thai Private Sector Collective Action Against Corruption (CAC)



ESG Emerging 2021



Green Industry Level 3



Carbon Footprint for Organization

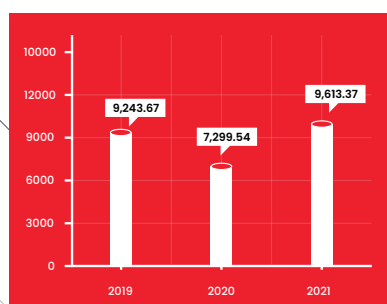
FINANCIAL HIGHLIGHT

(Unit : Million Baht)

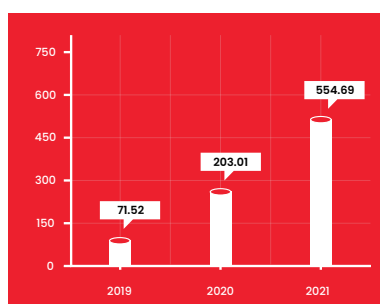
| | 2019 | 2020 | 2021 |
|-----------------------------------|----------|----------|----------|
| Financial Position | | | |
| Sales and service income | 9,243.67 | 7,299.54 | 9,613.37 |
| Total Revenue | 9,335.10 | 7,385.68 | 9,716.17 |
| Operating Profit | 145.44 | 290.93 | 730.72 |
| Net Profit (Loss) | 71.52 | 203.01 | 554.69 |
| Total Assests | 4,390.37 | 4,540.49 | 5,420.17 |
| Total Liabilities | 1,931.42 | 2,049.81 | 2,493.60 |
| Total Equity | 2,458.94 | 2,490.68 | 2,926.57 |
| Financial Ratio | | | |
| Net Profit on Total Revenues (%) | 0.77 | 2.75 | 5.71 |
| Return on Equity (%) | 2.91 | 8.15 | 18.95 |
| Return on Assets (%) | 1.63 | 4.47 | 10.23 |
| Debt to Equity (Times) | 0.79 | 0.82 | 0.85 |
| Earning per share (Baht/Share) | 0.52 | 0.31 | 0.84 |
| Dividend Payout (%) | 51.92 | 58.06 | 100.00 |
| Book Value Per Share (Baht/Share) | 3.73 | 3.77 | 4.43 |
| Listed Share (Million Shares) | 660.00 | 660.00 | 660.00 |

Note: Earning per share (Baht/share) and Dividend Payout (%) are calculated from Financial Statement of company only.

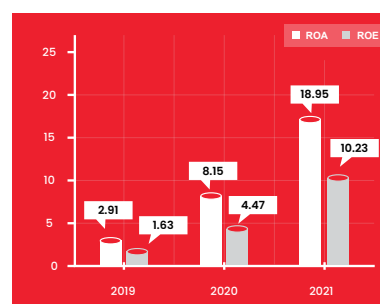
Sales and service income



Net Profit (Loss)



Financial Ratio



GENERAL INFORMATION

Pacific Pipe Public Company Limited

| | |
|---------------------------------|--|
| Ticker | : PAP |
| Type of Operation | : Manufacturing and selling steel pipes |
| Registered Number | : Bor Mor Jor 0107547000206 |
| Registered Capital | : Baht 660,000,000 |
| Paid up Capital | : Baht 660,000,000 |
| Type of securities | : Common share |
| No. of paid up common share | : 660,000,000 shares |
| Par value | : Baht 1 per share |
| Production location (4 place) | : 1. 298, 298/2 Moo 1 Suksawad Road, Pakklongbangplakod, Prasamutjedee, Samutprakarn 2. 1/112 Samutsakorn Industrial Park, Moo 2, Rama II Road, Tambol Tasai, Amphoe Muang, Samutsakorn 3. 1/97 Samutsakorn Industrial Park, Moo 2, Rama II Road, Tambol Tasai, Amphoe Muang, Samutsakorn 4. 24/31 Moo 2, Tambol Tasai, Amphoe Muang, Samutsakorn |
| Distribution location (2 place) | : 1. 158 Moo 6, Tambol Bangbor, Amphoe Bangbor, Samutprakarn 2. 50/6 Moo 2, Tambol Namai, Amphoe Lad Lum Kaew, Pratumthani |
| Office Location (1 place) | : 1168/74 Lumpini Tower, FL26, Rama IV Road, Kwang Tungmahamek, Khet Sathorn, Bangkok |
| Telephone (office) | : (66 2) 679 9000 |
| Facsimile (office) | : (66 2) 679 9074 |
| Investor Relation | : Tel. 02 679 9000 Fax. 02 679 9075-76 Ir.dep@pacificpipe.co.th |
| Website | : www.pacificpipe.co.th |

COMPANY'S HISTORY

The Company has its beginnings in stroller production under the name "Tang Mong Seng Factory" in 1972 and entered the business of furniture steel pipe production in 1981. The business grew rapidly, which led to Lekapoipanich family making a decision to establish "Pacific Pipe Company Limited" on 19 September 1991 to produce and distribute a full range of steel pipes.



2021

Leading technology The Internet of Things (IOT) receives production data from machines through a sensor system which displays the results in real time for analysis and makes corrections in the event that production control values are found not meeting the standards.

Apply technology in the maintenance program of CMMS to be used in the process of preventing and solving problems that may occur within the machinery. This results in on-time production planning and delivery of products.

Implement a customer relationship management system or CRM to meet the exact needs of customers in each group and manage customer complaints effectively.

Set up an e-Document and an online approval system in the documentation process of the business chain. This is to increase the work efficiency by becoming more flexible.



2018

The Company's product **FiGuard-10** is, which received the standard certification of UL 852 –Metallic Sprinkler Pipe For Fire Protection Service from Underwriters Laboratories Inc., United States of America. **FiGuard-10** and **FiGuard-40** are regarded to be the only water pipe in fire extinguishing systems in Thailand that has received a double guarantee from two leading international standard certification institutions.

The Company received the certification of the **ZONA** brand name, which is a set of pipes and fittings used for the Cross Hole Sonic Logging Test. It was invented and produced by the Company support the construction of various mega projects in the country. It would help compensate the need to import such products from overseas.

On 17 March 2004, the Company was registered for conversion to Pacific Pipe Public Company Limited and is a listed company on the Stock Exchange of Thailand since 18 November 2004 to increase the Company's potential and expand business growth opportunities.

Currently, the Company has 4 production plants and 2 distribution centers to serve customers from all regions in the country, and has a sales office located on Rama IV Road. The Company is a producer of steel pipes both for structural work and for systematic work through welding steel sheet which uses electric resistance. The products are both made-to-order and made-to-stock.



Company Milestone

2017

The Company received the trade name **FiGuard-40** for ASTM A53 Sch 40 and **FiGuard-10** ASTM A795 Sch 10 products. Both products received FM certification and could be used as a water pipe in fire extinguishing systems. This created brand value and differentiated the products from others in the market.




2015

The Company received the ISO 14001 Environment Management Systems Use from TUV NORD (Thailand) Limited, which guaranteed that the Company had systematic environmental management. The Company's products received the FM Approvals Class: 1603 - Steel Pipe for Automatic Fire Sprinkler Systems standard certification from FM Global, United States of America, which is one of the largest commercial, industrial insurance and risk management standards. Such standard certified product would be marked with the symbol ◀FM▶, which would be an alternative for a standardised steel pipe for fire extinguishing systems.



NATURE OF BUSINESS OPERATION

Overall Business

Pacific Pipe Public Company Limited is a manufacturer which the core business of the Company is manufacturing and distributing steel pipes, produced by process of Electric Resistance Welded production system (ERW) production system. At present, the Company produces and distributes steel pipes which can be categorized into 2 types: black steel pipes and galvanized steel pipes. Both types can be categorized into standard steel pipes that are distributed under the brand "  " and the commercial steel pipes, which are sold under the brand " **TMZ** ". This is conducted in response to the demand of customers.

Revenue Structure

| | 2019 | | 2020 | | 2021 | |
|---|-----------------|---------------|-------------------|----------------|-----------------|---------------|
| | (MB.) | (%) | (MB.) | (%) | (MB.) | (%) |
| Sales income | | | | | | |
| 1. Dealer | 6,555.85 | 70.23 | 5,566.41 | 75.37 | 7,336.91 | 75.51 |
| 2. Construction project | 1,616.59 | 17.32 | 1,093.28 | 14.80 | 1,273.78 | 13.11 |
| 3. Industry | 941.10 | 10.08 | 609.82 | 8.26 | 999.75 | 10.29 |
| 4. Other | 0.56 | 0.01 | - | - | - | - |
| Service income | 129.57 | 1.39 | 30.03 | 0.41 | 2.93 | 0.03 |
| Total Sales and service income | 9,243.67 | 99.00 | 7,299.54 | 98.85 | 9,613.37 | 98.94 |
| Net foreign exchange gain | 2.20 | 0.02 | 3.94 | 0.05 | - | - |
| Other revenues | 89.22 | 0.96 | 82.20 | 1.11 | 102.81 | 1.06 |
| Total Revenue | 9,335.10 | 100.00 | 7,385.68 | 100.00 | 9,716.17 | 100.00 |
| Increase (decrease) from the previous year | (606.11) | (6.49) | (1,949.42) | (26.39) | 2,330.49 | 23.98 |

Note : Other revenues include scrap sales revenue, galvanizing revenue, interest income, etc.

Business Characteristics

(1) Product

The Company's produces steel pipes through the process of the electric resistance welded (ERW) production system. The Company offers both made to order and make to stock, which the pipes can be divided into 2 categories according to their usage.

a. Steel Pipe for Structural Purposes

Structural steel pipes can be utilized in a variety of ways; e.g., fences, doors, decorative work, railing, guard rails, billboards etc. At present, it is also a preferred alternative to use large steel pipes to replace wood, guttering, angles, H-beam and I-beam structural steel, as well as can be used for concrete structural work, e.g., piling, scaffolding, roof rails or railing. Because of its strength, durability, lightweight, and convenience to connect, there is less damage during transporting, which allows for better quality construction work. More importantly, it saves time and costs when compared with using wood and concrete.

b. Steel Piping for Pipeline Systems

In general, steel pipes can be applied in numerous aspects, e.g., public utilities, plumbing, and fire protection systems. There is a tendency of expanding the use of steel piping because of their qualities in replacing other materials in various other applications, e.g., it can be used as a groundwater pipe or sprinkler in a fire extinguisher system for high-rise buildings instead of using PVC pipes. This is because of its strength and pressure, which can handle up to 5 times the pressure of PVC pipes.

The Company can produce steel piping at a thickness of up to 12.70 mm. and at a diameter of 10 - 16 inches. This is classified as special large steel piping produced under the electric resistance welded (ERW) system, which can be produced in the country at the present time.

Quality Certification

Pacific Pipe Public Company Limited has emphasized and given priority to the provision of the highest quality products. Therefore, the quality control of the products has adhered to the standards together with inspection and testing by a professional engineering team that is the heart of the production. From this commitment, the Company has received various certified products standards for steel piping for pipeline system and structural purpose from the Thai Industrial Standards Institute (TISI) and numerous renowned international standard certification institutes worldwide, including FM, UL, JQA, etc.

The Company received the TIS 17025 (ISO/IEC 17025) certification as an accredited laboratory for testing. This is verification that the laboratory for testing the product quality is accurate and reliable. Thus, the Company will issue a product quality certificate to the customer every time when the standard pipes are purchased as a guarantee of the quality from various national and international standards/certifications that the company has obtained. The details are as follows:

| Standards/Certifications | Institutes |
|---|--|
| ISO 9001: 2015 Quality Management System | The TUV NORD (Thailand) Ltd. |
| ISO/IEC17025: 2005 General Requirement for Competence of Testing and Calibration Laboratories | Thai Industrial Standard Institute, The Ministry of Industry |
| ISO 14001: 2015 Environmental Management Systems | The TUV NORD (Thailand) Ltd. |
| ISO 45001: 2018 Occupational Health and Safety Assessment Series | The TUV NORD (Thailand) Ltd. |
| Made in Thailand (MIT) | The Federation of Thai Industries |

Pacific Pipe PCL is the first steel pipe and structural steel manufacturer in Thailand that received ISO 9001:2015, the Quality Management System standard. The accolade created confidence in the organization's efficient management that could respond to the demand of customers and create sustainable growth. In terms of products, the Company has received certifications for various products at the national and international levels as follows:

| Standards | Institutes |
|---|--|
| Thai Industry Standards (TIS) | Thai Industrial Standard Institute, The Ministry of Industry, THAILAND |
| Metallic Sprinkler Pipe for Fire Protection Service | Underwriters Laboratories Inc ®, USA. |
| Japan Industry Standards (JIS) | Japan Quality Assurance Organization, JAPAN |
| FM Approvals Class: 1630 Steel Pipe for Automatic Fire Sprinkler Systems | FM Global, USA |

At present, Pacific Pipe Public Company Limited is a leading manufacturer and distributor of high-quality standard steel pipes in Thailand. The Company's products are widely recognized and include black steel pipes, primer-coated steel pipes and galvanized steel pipes, for structural work and pipeline systems both in the domestic and international markets.

(2) Service

The Company provides procurement services for various steel products with equipment to respond to customers' needs in full. Moreover, with experience in the construction industry for over 40 years, the Company is aware that customers' needs at present do not only comprise a variety of high quality, strong, and attractive products, but also need to be ready for use with accuracy, speed and modern technology. For this reason, the Company increased the product fabrication, including cutting, drilling, welding, bending, primer-coating and galvanizing. Moreover, the Company provides consulting services in the selection of construction materials, replication and construction project management. Therefore, it can be regarded that the Company has progressed to be a "Steel Solution Services Centre" that has both products and services of quality and value



Marketing and Competition

(1) Competitive Strategy

a. High quality products

The Company will issue a product quality certificate every time a standard product is sold to customers. This is to guarantee product quality and be the first steel pipe manufacturer in Thailand to have products that has been licensed to display the Industrial Standards Mark (TIS) for all products, as well as being certified for product quality both domestically and internationally. As a result, the Company's steel pipes can be made to the customers' needs and utilities.

b. Branding strategy

Since 1998, the Company has focused on developing the "Pacific Pipe" brand to be known and accepted among customers, from dealers, building contractors, as well as engineers supervising the constructions, to promote the widespread use of standard quality steel pipes. In preceding years, standard quality steel pipes made by the Company have become more accepted among customers. This can be observed from fact that some large construction projects, both domestic and abroad, have specified the use of the Company's steel pipes exclusively for construction process. The Company is also considered as a leader in the market of standard quality steel pipes in Thailand.

c. On-time and reliable delivery of products

In addition to product quality, on-time delivery of products is also an important factor which influence customers' decision to purchase steel pipes, especially for customers who are working on projects. Moreover, the Company has an efficient inventory management system, with accurate product demand forecasts from the management team as well as close liaisons with partners and people involved in planning and procurement of steel raw materials. This allows the Company to start producing steel pipes according to customer orders immediately.

d. Product variety

The Company has placed importance on the continuous research and development of products to have more diversity in terms of form, size, thickness, length, and the characteristics of the pipe end. Currently the Company produces and distributes steel pipes covering more than 5,000 types. Furthermore, It can also produce square steel pipe sizes of 300 x 300 millimeters as an alternative to consumers to replace the use H-Beam and I-Beam steel structures for large-scale building construction.

e. Customer relationship management system

The Company has introduced a customer relationship management (CRM) software system for tracking sales, checking customer service, collecting data on customers behaviors in contacting and trading, as well as customer needs through various channels of the Company for analyzing. These analyses shall be used to improve products, services, and management policies. The endgame goal of CRM development is customer satisfaction. which will eventually lead to customer loyalty.

(2) Customer Characteristics and Channels of Distribution

The company's products have a wide range of applications. Covering many industries such as real estate industry, utilities and agriculture, etc.

Customer groups can be categorized into 4 groups as follows:

1. Reseller customers

Reseller customers are a group of dealers. which purchases the company's products and resell to other end customers such as steel shops, general building materials stores Modern trade stores, etc.

2. Construction project customers

Construction project customers are contractor companies which both the company Sell products directly and selling products through dealers to bring the company's products to be used in various construction projects Both engineering structures, system works, and decorations.

3. Industrial customers

Industrial customers is a group of customers who will bring the company's products to be processed or assembled into parts of various products such as agricultural machinery conveyor belt, etc.

4. Other customer

Other customers are general retail customers who bought the company's products through a dealer to take advantage directly for construction home decoration or for use in general work.

(3) Competition conditions

The Company places importance on the needs of each group of customers according to the nature of their businesses and product application of each industry, which has a wide range of needs in terms of form, quality, standard, and quantity of use, for the maximum benefit and value for each group of customers. This is done by providing steel products with full thickness, possess great chemical and mechanical qualities according to standards which are tested within internal testing rooms per ISO 17025 standards. Additionally, the steels' production will be controlled in every process from the import of raw material, production process, and delivery to customers. The Company has divided customers into 3 groups as follows:

1. Dealers, a group of stores that has been appointed by the Company to buy products directly from the Company. This group of stores are medium to large sizes, which is considered the largest group of customers of the Company. It can be further divided into general retail stores and modern trade stores, which operates business in the form of buying and selling and has a behavior of demanding a variety of products that have standard size for general construction use. They would often demand these products in high volume and with speedy ordering and delivery processes to meet the needs of end customers fully and promptly without losing trade opportunities.

2. Construction contractors, a group of customers who want to order products for use in various forms of construction works, both standard products for general construction use and made-to-order products with specific size, thickness, standards, and other controls in response to structural and systemic works in a variety of formats. This group often demands good quality products which are made in accordance with specified standards and delivered products on time, reducing the burden of storage for fast construction and on-time delivery.

3. **Industrial works**, which is a group of customers who wishes to order products for processing into various other products per demands. They usually request made-to-order products with specific size, thickness, standards, and other special controls. They also offer consulting on product processing to achieve production efficiency, cost-effectiveness, and waste reduction in the customer's production process. At the same time, the products must be delivered in time to avoid any disruption in the customer's production line.

In order to respond to the needs of various customers, the Company must understand the needs and restrictions on ordering products from the manufacturers, as well as having a good relationship, to ensure that the Company has enough raw materials for production and is able to deliver products to customers on time.

Product and Service

Production

At the present, the Company has 4 plants which have the total installed capacity of 450,000 tons per annum, 2 distribution centers and 1 sale office. The details are disclosed in, "General Information".

Production Policy and Capability

The Company offers both made to order and make to stock products. Thus, the Company has a production plan from the executive, production division and marketing division, which there will be a meeting to regularly monitor the movement of the customers' needs to use in setting the production policy and to effectively plan for the procurement of raw materials and finished products. This will help save production costs and allow the Company to deliver the steel pipe products immediately.

In addition, in order to maintain the conditions of the machinery in the plant, the Company has scheduled inspections and improved machinery every week. Thus, the machinery's production capacity of steel pipes is 450,000 tons per annum. In 2021, the Company's production capacity was 284,467 tons/year.

Table Displaying Production Capacity and Production Capacity Utilization Rate

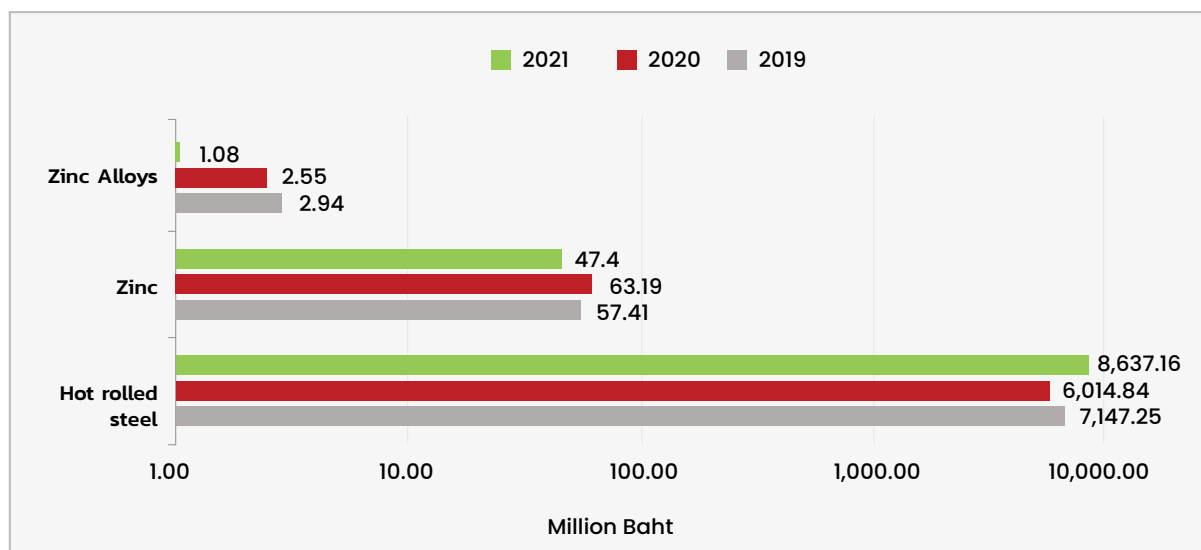
| | 2019 | 2020 | 2021 |
|--|---------|---------|---------|
| 1. Total installed machinery capacity ^{/1} (unit : tons) | 450,000 | 450,000 | 450,000 |
| 2. Actual production volume (unit: tons) | 377,460 | 339,571 | 284,467 |
| 3. Production capacity utilization rate ^{/2} (percent) | 83.88 | 75.46 | 63.21 |
| 4. Production volume increased (decreased) compared to the previous year (percent) | (0.93) | (10.04) | (16.23) |

Remarks: ^{/1} Total installed machinery capacity is calculated on the assumption that the machinery is used for steel pipe production only without changing the type of steel pipe produced.

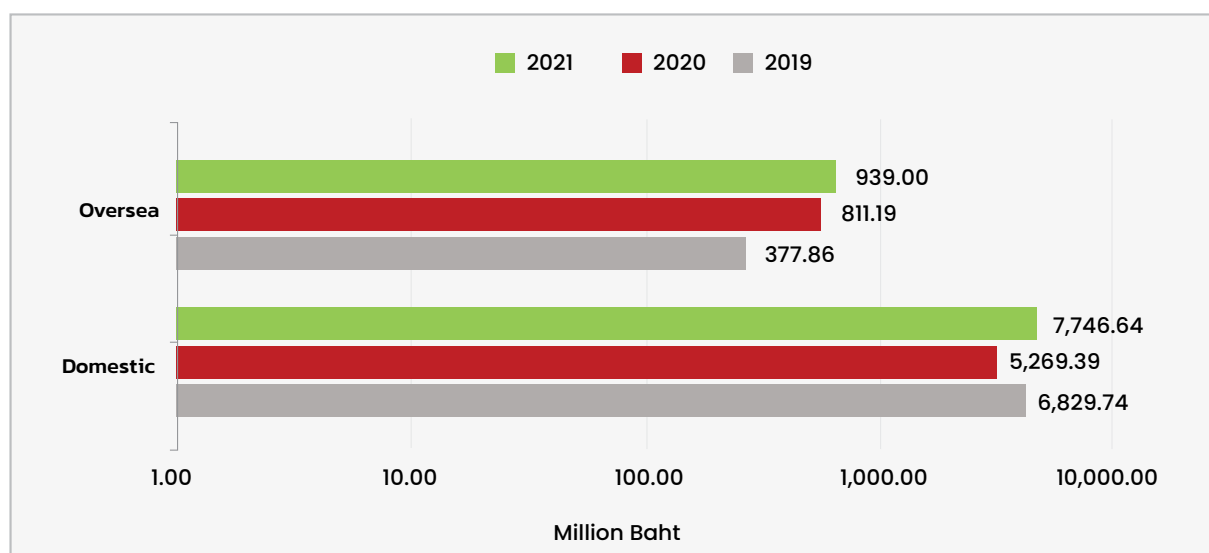
^{/2} Production capacity utilization rate is compared to production capacity according to production period.

Raw Materials

The main raw material for the production of the Company's steel pipes is hot-rolled coil. The Company's usage of hot-rolled coils accounts for 99.44% of the total raw material value.



As the Company's business policy attaches importance to the matter of product quality and on-time delivery of works, the quality of raw materials and the reliability of raw material suppliers are therefore the most important factors in considering the purchase of raw materials. The Company regularly evaluates the performance of raw material suppliers. At present, the Company has made purchases of hot-rolled coils which account to approximately 79.45% of the total raw material value from 3 major domestic producers, namely Sahaviriya Steel Industries Public Company Limited, G Steel Public Company Limited, and G J Steel Public Company Limited. The source of raw materials from both domestic and overseas for the year 2019 – 2021 can be summarized as follows:



Inventory Policy

For the inventory management of both the raw materials and finished products, the Company has a flexible policy; in other words, management is conducted in accordance with the economic and market conditions at that time. Study, analysis and evaluation of the potential future situation is conducted in order to adjust the optimum quantity of inventory in accordance with the market demand.

Policy on Investments in Subsidiaries and Joint Ventures

At present, the Company does not have any subsidiaries and associated companies, but the Company has an investment policy in business related to the Company's main business both domestic and abroad to strengthen stability and the ability to compete both in the form of establishing new company acquisitions and investments in other companies.

Business Goals

The Company aims to maintain its leadership in the production and distribution of steel pipes in the country both in terms of quality and service, with an emphasis on being part of the customers' business successes. This is achieved by using innovation in production to improve the quality of products and services to help increase efficiency and reduce customer production costs.

RISK MANAGEMENT AND RISK FACTORS

Risk Management Policy and Plan

The board of directors supports and promotes the establishment of a risk management system within the corporation, which is one of the key mechanisms for achieving objectives and adding value to stakeholders. The Company has disclosed the full version of the risk management policy and plan on the website at www.pacificpipe.co.th

Risk Factors for the Company's Business Operations

The Company has a systematic risk management by appointing the risk management committee which perform supervisory duties through assessing and monitoring key risks and reporting them to the board of directors. In 2021, the Company has reviewed and assessed the risk factors and has set up a control plan to reduce the impact of risks which could affect business operations, financial status, and operating results of the Company as follows:

1. Strategy

Risks from dependence on raw materials from few major manufacturers

In 2021, the Company has ordered hot rolled coils and galvanized steel coils from both domestic manufacturers and traders both domestically and internationally, with 79.45% of the total purchase volume of raw materials came from Sahaviriya Steel Industries Public Company Limited, G J Steel Public Company Limited, and G Steel Public Company Limited has decreased from 2020 at 76.12%.

This is because the hot rolled coils business and galvanized steel coils business from domestic producers have only few distributors. There are also restrictions on the import of goods from anti-dumping and subsidies measures as well as anti-circumvention laws which ensure that the production is sufficient for the needs of customers with standard quality and at competitive prices. The Company has a policy of building good relationships with trading partners and to have an MOU (Memorandum Of Understanding) with local manufacturers who can manufacture products according to the required specifications to reduce the risk of raw material shortage and

maintain the inventory level of raw materials at a specified level. In addition, the Company continues to seek other manufacturers or traders both domestically and internationally to serve as a reserve source and diversify the risk of product shortages as well.

Risk from Material Price Fluctuation and Inventory

The Company's main raw materials are hot rolled coils and galvanized steel coils, which accounted for more than 99.44% of the total purchase of raw materials. This value tends to change depending on world steel prices, world zinc price, and coal prices. Therefore, the risk from the price fluctuation of the raw materials was a significant factor because of the effect from the world steel price. If the price decreased dramatically, there may be a risk of the impairment of raw material, or in the event that the material price increased, this could adversely affect the sale price.

In 2021, the price of hot rolled coils has increased by 40.57%, which is considered a very high price increase that affects the product cost. It also increased the amount of money required to storage products while the number of inventory remains the same. However, the Company set a policy to reduce the aforementioned by Monitoring the prices of the raw materials of the global steel price with caution and purchasing raw materials more carefully and maintain the quantity of the raw materials and inventory at appropriate levels.

2. Operations

Personnel management risks

Personnel management is considered one of the key strategies of the Company. Good personnel plays a role in job development, improving the organization and driving it towards the goals set. Effective management will be a driving force to create a learning-focused organization, develop work processes to be more efficient, create added value for the products, and reduce the cost of various activities.

In 2021, the Company has developed an organizational development strategy starting from the analysis and restructure of the human resource management from being just a support department to become a form of a partner agency under the corporate strategy line and report directly to the chief executive officer. Employees in management and personnel are improved to understand business and organizational strategies to enable planning, development, recruitment, as well as planning appropriate personnel strategies. Additionally, the Company has also developed a Leadership Development Program (LDP) for senior executives and above. As a result of participating in this project, executives have an understanding of the context of human resource development which is in line with changes. This will be the foundation for the creation of important succession systems in the future.

Risks created from working processes or procedures.

In the Company's business operations, the cost of operations is an important factor that the Company must control. Each process has to be effective and with good planning, and reducing errors requires measures that are up to standards. Each working step and process are reviewed regularly. Additionally, there must be an appropriate control system which is reviewed regularly.

In 2021, the Company has added guidelines for monitoring and reporting operations by using appropriate data and information technology systems in the Company's core processes, such as the implementation of Customer Relationship Management (CRM) which is employed to manage customer relationships, sales, as well as receiving complaints from customers. As part of the internal process, an online approval system is implemented in the disbursement process and various approvals. This is expected to cover all processes in 2022. In the operational section, processes in the factory are monitored by using the Operation Dashboard in both production, machine maintenance, etc.

3. Finance

Credit risks

As of 31 December 2021, the Company has total net trade accounts receivable equal to 1,010.15 million Baht and an average collection period of 33 days. Also, the Company has accounts receivable that are not due at 705.70 million Baht or 69.86% of net receivables. There may be a risk of debt collection from trade accounts receivable. If the Company's trade accounts receivables have operational problems, it may affect the profit and financial position of the Company.

The Company has measures to reduce such risks by forming a credit committee that is responsible for formulating policies for designating trade credit limit for customers, as well as a unit that is responsible for analyzing the demand for goods and the ability to pay debt. In addition, the Company has considered hedging tools such as bank collateral or preparations of debtor insurance to reduce the impact that may occur from the inability of the customers to pay the debt.

Exchange rate risks

In 2021 and 2020, the Company's import value of some hot-rolled coil from abroad is approximately 10.81% and 13.34% of the total order value, respectively. These imports are made with the US Dollar currency while almost all of the Company's revenues are in Thai Baht. Therefore, the Company is exposed to risks from exchange rate fluctuations. The Company has reduced the impact of this risk by entering into a forward foreign exchange contract (Forward Contract) or converting debts for goods into debts in Baht currency, which will be considered according to the appropriateness of the situation.

Interest rate risks

As of 31st December 2021, the Company has all liabilities caused from borrowings from financial institutions in the amount of 2,153.47 million Baht or 86.36% of total liabilities. Most of the Company's borrowings consist of short-term loans in the form of promissory notes and trust receipts to be used as working capital for purchasing raw materials. Volatility of interest rates due to economic uncertainty may affect the interest expenses of the Company.

Interest expenses in 2021 accounted for 0.38% of sales compared to 0.52% in 2020, and the ability to pay interest in 2021 was 20.19 times higher when considering operating profits before interest expenses and taxes compared to 7.67 times higher in 2020.

4. Regulations

Potential risks from the effects of anti-dumping and market subsidies measures

The Anti-Dumping and Subsidy Committee of the Ministry of Commerce has resolved to collect anti-dumping duty on hot-rolled steel plates both in coils and non-coils. The policy has been imposed on 2 more countries in addition to the 19 countries that the previous duty imposed on in 2021. Additionally, the committee has announced anti-dumping measures on galvanized

steel coils both in coils and non-coils originating from the People's Republic of China. This resulted in restrictions on the import of raw materials to be used in the production of the Company's finished goods. The aforementioned steel coil are the Company's main costs with a value of more than 80% of the total costs. Such measures will result in higher import costs and prices that are higher than those of products produced domestically. This causes companies and importers to use products manufactured from domestic factories instead. However, increasing demands may result in insufficient products to meet demands, as well as constraints on the size and quality of certain products.

The Company has measures to manage such risks by having an MOU (Memorandum Of Understanding) with local manufacturers who can manufacture products according to the required specifications. This is to reduce the risk of raw material shortage and maintain the inventory of raw materials at a specified level.

5. Social and Environmental

With the global society becoming aware of the impact of global warming, measures involving carbon footprint have been enforced in many countries. Thailand has already set a goal of achieving carbon neutrality in the year 2065-2070. Additionally, policies and practices have been set for various industrial plants that are causing greenhouse gas emissions through business activities throughout the supply chain. Therefore, the Company has formulated a concrete plan to reduce greenhouse gas emissions by dividing the activities into reducing air pollution, reducing electricity usage, increasing green space, and reducing industrial waste, which is considered a risk management of greenhouse gas emissions that will affect future business operations according to government measures and trade measures.

Risks affecting rights or investments of securities holders

Risks from Major shareholders

Tang Mong Seng Holding Company Limited and the shareholders group have held 73.83% of the total shares of the Company, thus allowing control of almost all resolutions of the shareholders' meeting. Therefore, other shareholders may not be able to collect votes to review and balance matters proposed by major shareholders with the exception of legal matters or matters related to the Company's regulations, which requires three-fourths of the votes of the shareholders' meeting.

New emerging risks in business environment and landscape

The 2019 coronavirus disease has spread rapidly around the world and inevitably affect the way of life and business operations, which

has resulted in a New Normal lifestyle. The Company has realized this situation and placed importance on risk assessment and possible effects that may occur through management to reduce the effects that may occur according to the risk management plan to ensure that the Company is able to operate the business continuously.

In the New Normal state, which has caused the consumers' lifestyles to change rapidly into a digital era, which in turn directly influence adaptations in business operations to response to changes in consumers. This has created risks in many dimensions such as technology risks which results in new business models, cybersecurity risks, etc. The Company has set up a working group to conduct a study and formulate a concrete risk management plan.

DRIVING BUSINESS FOR SUSTAINABILITY

1. Sustainability Management Policies and Goals

Pacific Pipe Public Company Limited is committed to running the business and developing the corporation towards sustainability, with responsibility to the economic, social, and environmental systems to create value with all stakeholders. Therefore, the Company has set Sustainable Development Goals: (SDGs) of the United Nations that are relevant to the organizational context as a direction of operation, as well as strengthen the structure and management system to develop a sustainable organization, by referring to the environment, social, and governance framework (ESG Framework) which is designed for application to drive the organization to create benefits for the country's economy, society, and environment in a balanced and sustainable manner according to international principles.

ESG Framework



Economy

Creates economic growth and stability together with business alliances, business partners, and customers in a sustainable manner.

Society

Conducts business in a socially responsible manner and improves the quality of life of those involved through knowledge and safety.

Environment

Cares for the environment by using natural resources responsibly and generate maximum benefits.

In 2021, the Company has established a sustainability working group consisting of representatives of various agencies in order to operate the corporate sustainability works of the Company continuously and effectively. This will help achieve success in accordance with the policy and sustainability objectives set by corporation. This will show that the Company is a corporation which conducts its business responsibly and with transparency and fairness, building trust with all groups of stakeholders as well as developing towards sustainable growth. The details are as published on the website at <https://www.pacificpipe.co.th/files/policy/นโยบายด้านความยั่งยืน.pdf>

The operating guidelines are as follows:

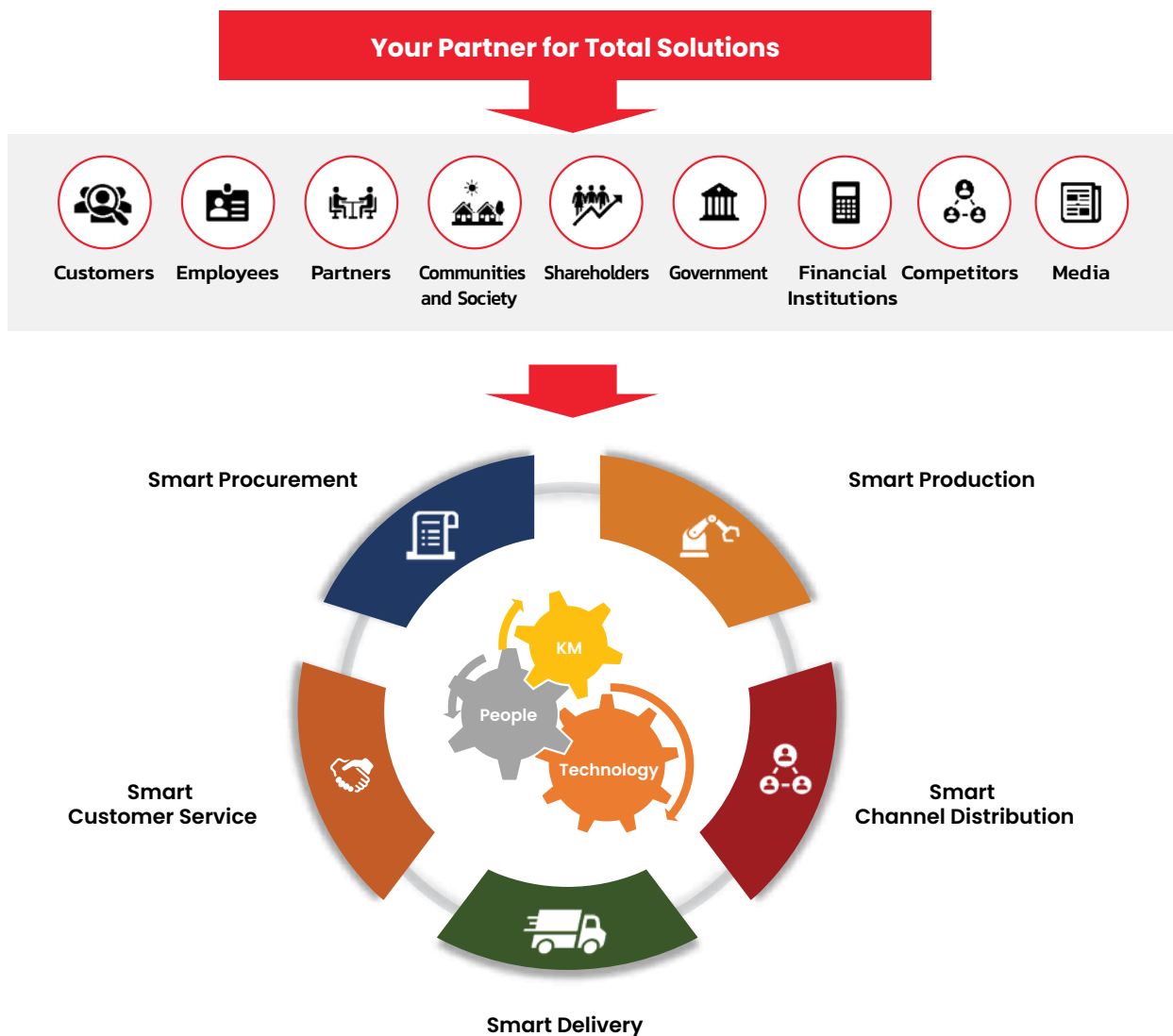
1. Determine appropriate corporate sustainability guidelines and plans to be in line with the strategies and corporate policies
2. Supervise and review the corporation's sustainability performance and drive it to take action and create participation in the implementation of various projects under the framework of sustainable development with relevant agencies, both internally and externally.
3. Create a culture of sustainable development and communicate to the directors, executives, employees at all levels, trade partners, and related parties to acknowledge, understand, and aware of sustainable development.
4. Report sustainable development performance results and present to the risk management committee quarterly.
5. Prepare an annual sustainability report and disseminate to all groups of stakeholders for acknowledgment.

Important Achievements in Sustainability

| | |
|-----------------------------|--|
| Good Corporate Governance : | Excellent CGR score for the 3rd year |
| Economy : | Total operating profit of 554.69 million Baht, 173.22% higher than in 2020. |
| Social Aspect : | Customer satisfaction at 87.7% , zero external complaints, no human rights violation issues |
| Environmental Aspect : | Reduced electricity usage by 2,254,424 kilowatt-hours/year, save about 13,417,080 Baht/year on electricity bills. Reduced water usage by 26.13 cubic-meters/person/year |

2. Stakeholder Impact in Business Value Chain Management

2.1. Business value chain



The Pacific Pipe Public Company Limited operates its business in accordance with its vision “Your Partner for Total Solutions”, which can be defined that we are committed to driving business growth to improve the industry through quality products and services. This can be achieved through up-to-date innovations and willingness to become a strong partner of stakeholders in all dimensions to drive towards sustainable development together through the implementation of 5 main activities as follows:

| | |
|---------------------------|--|
| Smart Procurement | <ul style="list-style-type: none"> - Sufficient supply of raw materials for product manufacturing - Control the quality of raw materials to meet standards - Develop relationships with manufacturers |
| Smart Production | <ul style="list-style-type: none"> - Manufacture products and control their quality to meet standards - Reduce environmental impact - Employ up-to-date production technology |
| Smart Distribution | <ul style="list-style-type: none"> - Manage warehouses and distribution centers efficiently with up-to-date communication and technology |
| Smart Delivery | <ul style="list-style-type: none"> - Precise, fast, and accurate shipping process - Reduce the impact of shipping on the environment and communities |
| Smart Service | <ul style="list-style-type: none"> - Provide honest and accurate product and service information - Receive comments, suggestions, and complaints about products and services - Set reasonable and fair prices |

The Company has set guidelines for conducting business to deliver sustainable value to relevant stakeholders in accordance with good corporate governance principles. It also conducts business with ethics in parallel of managing important sustainability issues that takes into account the stakeholder groups according to their roles and impacts, which will lead the Company to grow according to sustainability goals in economic, social, and environmental dimensions in the future.

2.2. Stakeholders in the business value chain analysis

To conduct the Company's operations sustainably, it is essential to gain the cooperation, participation, and support from stakeholders that are affected both positively and negatively from the Company's operations through 5 main activities which cover both internally and externally of the corporation. The Company therefore pays attention to all groups of stakeholders by providing communication channels for listening and exchanging information, both official and unofficial, to assess and respond to expectations appropriately, including using the information to develop or improve work processes in various parts of the Company as well as creating a bond to improve the relationships with stakeholders, which can be summarized as follows:

| STAKEHOLDER | INVOLVEMENT IN THE VALUE CHAIN PROCESS | EXPECTATIONS | FULFILLING EXPECTATIONS | PARTICIPATION PATTERNS AND FREQUENCY |
|-------------|---|--|--|--|
| Clients | Smart Service | <ul style="list-style-type: none"> - Products and services are of high quality and standard. - The products are diverse and complete. - Accurate, complete, on-time delivery - Proper implementation and maximum efficiency Knowledge about the products and various related standards | <ul style="list-style-type: none"> - Adopting technology and innovation to develop products and services to meet the needs of customers - Produce products and provide quality services - Manage the transportation system to be efficient - Supervise and manage inventory to respond to customer needs promptly. - Provide knowledge and suggestions related to products and services through various activities and channels in an accessible and efficient manner | <ul style="list-style-type: none"> - Conduct customer satisfaction surveys twice a year - Meet with customers regularly to improve products and services as well as provide useful information to develop the business jointly. - Organize training courses to educate customers continuously throughout the year - Provide opportunities for customers to visit factories and production processes throughout the year - Communicate news and information, listen to suggestions, and receive complaints through the Company's online channels |
| Employees | <ul style="list-style-type: none"> - Smart Production - Smart Distribution - Smart Delivery - Smart Service | <ul style="list-style-type: none"> - Monetary and non-monetary welfares - Career opportunities, advancement, and compensation - Competence development - Work safety - Equality and non-discrimination treatment | <ul style="list-style-type: none"> - Promote good working environment, health care, and workplace safety - Fair treatment and respect for human rights - Performance evaluation of 2 times/year and feedback process - Training courses to educate and develop employee skills - Monetary and non-monetary programs and benefits for employees - Communication of business goals, policies, and useful news | <ul style="list-style-type: none"> - Channels for receiving suggestions, opinions, and complaints through the Company's complaints system throughout the year - Organize surveys on corporate satisfaction and loyalty at least once a year - Ensure that there are both online and offline internal communication channels, including consistent social media throughout the year. - Organize training courses and seminars according to the company's training plan - Formulate CEO Town hall in VDO format quarterly - Organize employee engagement activities as planned throughout the year |

| STAKEHOLDER | INVOLVEMENT IN THE VALUE CHAIN PROCESS | EXPECTATIONS | FULFILLING EXPECTATIONS | PARTICIPATION PATTERNS AND FREQUENCY |
|---------------------------------------|--|--|---|---|
| Trade partners | Smart Procurement | <ul style="list-style-type: none"> - Joint business development with good and stable operating results consistently - There is a good, transparent, and auditable procurement system - There is equality in conducting business, which is fair and does not discriminate - Receive payments on time and in full | <ul style="list-style-type: none"> - There are fair policies and practices regarding procurement under the Company's Code of Conduct - An efficient, transparent, and verifiable procurement system - Have an anti-corruption policy in place | <ul style="list-style-type: none"> - Organize visits to business partners at least once a year - Organize supplier assessment at least once a year - Organize meetings with partners regularly throughout the year to plan purchase orders - Channels for receiving suggestions, opinions, and complaints through the Company's complaints system throughout the year |
| Communities, society, and environment | Smart Production Smart Delivery | <ul style="list-style-type: none"> - Emphasis on environmental quality preservation - Operate a business that does not cause any impact to the communities - Place importance on complaints and suggestions by the communities fairly and communicate explanation to communities for acknowledgement promptly - Promote participation in activities that are beneficial to community development | <ul style="list-style-type: none"> - Improve the production process to be environmentally friendly with noise, waste, water, and air pollution controls - Improve the environment of the factory to be clean and safe both internally and externally. - Share the Company's knowledge and specializations for various institutes and departments regularly - Provide resources and various equipment that are beneficial to the communities and society | <ul style="list-style-type: none"> - Build a network and appoint a Community Relations Working Group to meet with community representatives regularly throughout the year - Participate in transferring business knowledge to community enterprises continuously throughout the year - Provide knowledge to institutions and agencies on a regular basis throughout the year - Cooperate with the education sector and provide continuous knowledge sharing every year - Open channels for suggestions, comments, and complaints throughout the year |

| STAKEHOLDER | INVOLVEMENT IN THE VALUE CHAIN PROCESS | EXPECTATIONS | FULFILLING EXPECTATIONS | PARTICIPATION PATTERNS AND FREQUENCY |
|----------------------------|---|--|--|---|
| Shareholders and investors | Smart Service | <ul style="list-style-type: none"> - Make dividend payments regularly - Continuous and stable business growth - Govern with good corporate governance | <ul style="list-style-type: none"> - Prepare annual report 'Form 56-1 One Report' - Clarification of business results through the Company and the stock exchange's websites - Manage performance according to strategic plans under appropriate risk management. - Development of channels for accessing complete information for the convenience of investors - Achieved an 'Excellent' rating in Corporate Governance Assessment (5 Star CGR) | <ul style="list-style-type: none"> - Hold annual general meetings - Open year-long channels for information inquiries through the website, investor relations emails, and call center regularly |
| Public sector | Smart Production Smart Distribution Smart Delivery Smart Service | <ul style="list-style-type: none"> - Comply with rules, regulations, laws, and policies of relevant regulatory bodies. - Cooperate in providing requested information promptly and accurately. | <ul style="list-style-type: none"> - Report performance and provide truthful information accurately and promptly - Cooperate and support various projects of government agencies - Strictly comply with the rules, regulations, laws, and policies of relevant regulatory bodies. | <ul style="list-style-type: none"> - Report business results and performance to relevant government agencies at specified frequencies. - Participate in government activities and projects continuously |
| Financial institutions | Smart Production Smart Distribution Smart Delivery Smart Service | <ul style="list-style-type: none"> - Operate the business in accordance with the goals or the investment plan - Make loan repayments per the agreed terms and specified time | <ul style="list-style-type: none"> - Manage the Company's performance under appropriate risk management - Follow the investment plan | <ul style="list-style-type: none"> - Hold meetings to exchange information and news that are beneficial to business operations regularly throughout the year - Negotiate conditions for using the credit limit according to the appropriate cycle |

| STAKEHOLDER | INVOLVEMENT IN THE VALUE CHAIN PROCESS | EXPECTATIONS | FULFILLING EXPECTATIONS | PARTICIPATION PATTERNS AND FREQUENCY |
|-------------|--|---|---|---|
| Competitors | Smart Service | <ul style="list-style-type: none"> - Conduct business with transparency under fair trade and competition | <ul style="list-style-type: none"> - Conduct business with transparency and fairness under free market competition | <ul style="list-style-type: none"> - Hold joint meetings between organizations and related associations as appropriate to the occasion - Channels for receiving suggestions, opinions, and complaints through the Company's complaints system throughout the year |

Sustainability Key Analysis

Step 1: Identifying sustainability issues

The Company has determined the issues in the analysis into 3 areas, namely economic, environmental, and social aspects. These issues have affected shareholders and they have expectations from the Company's operations.

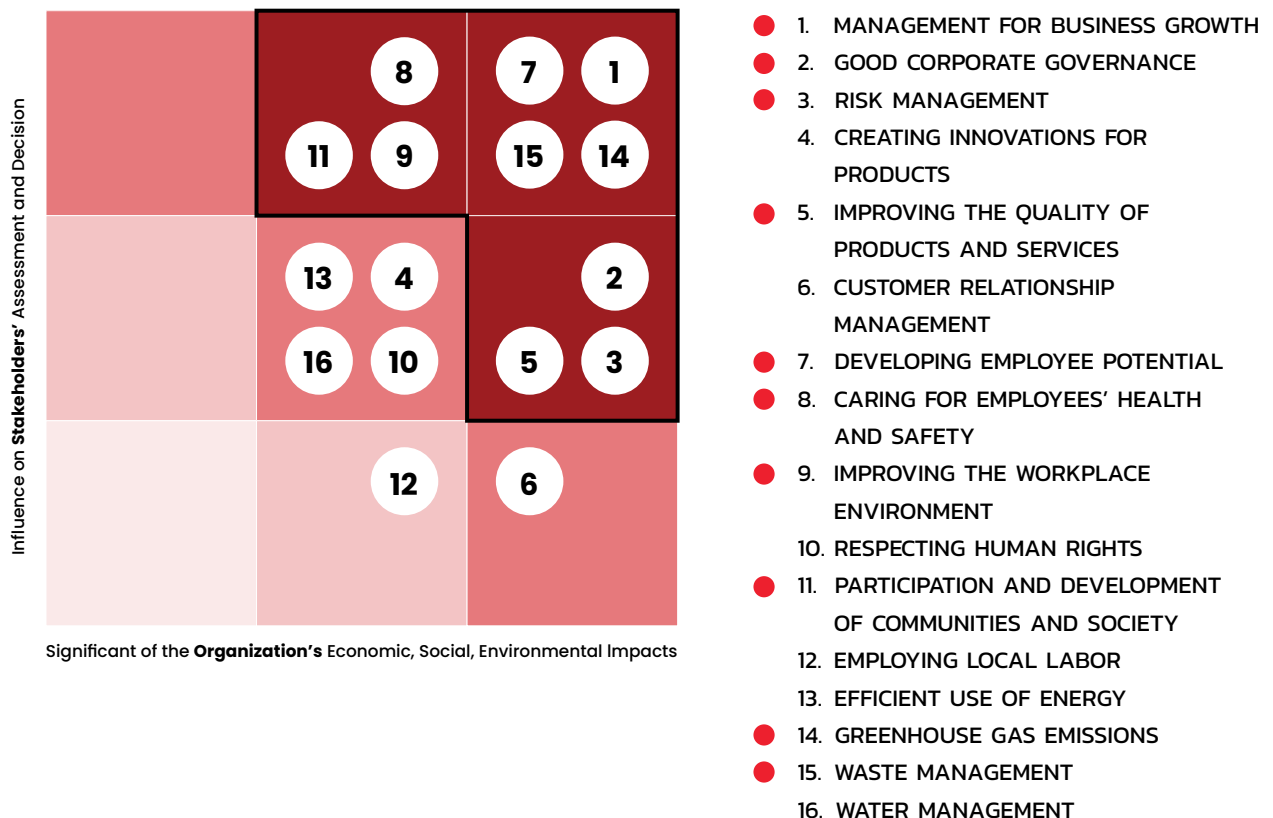
Step 2: Ranking of important issues

The Company shall consider ranking the importance of each issue, which is done by measuring the importance from the Company and external stakeholders' point of views, which takes into account both the positive and negative effects of each issue on the economic, environmental, and social dimensions.

Step 3: Verifying data and reviewing key issues

The sustainability working group has proposed issues in order of importance to report to management for consideration and to be presented in the annual report form 56-1 One Report and disseminate through the company's website. In addition, the Company has also assigned relevant departments and working groups to validate the accuracy and completeness of issues covering economic, environmental, and social dimensions, by reviewing key issues affecting key activities in the Company's value chain regularly every year. These information shall be used for planning policies, strategies, and operational plans including setting sustainability goals.

Assessment Results of Key Sustainability Issues in 2021



From the results of the assessment of important sustainability issues in the above table, the Company has grouped various issues in order to plan sustainability management in economic, environmental, and social dimensions for the year 2021, which can be presented in this report as follows:

| SUSTAINABILITY MANAGEMENT IN THE ECONOMIC DIMENSION | SUSTAINABILITY MANAGEMENT IN THE ENVIRONMENTAL DIMENSIONS | SUSTAINABILITY MANAGEMENT IN THE SOCIAL DIMENSION |
|---|--|---|
| <ul style="list-style-type: none"> - CORPORATE GOVERNANCE TOWARDS SUSTAINABILITY - RISK MANAGEMENT IN BUSINESS OPERATIONS - PRODUCT QUALITY AND SERVICE IMPROVEMENTS THROUGH INNOVATION AND TECHNOLOGY | <ul style="list-style-type: none"> - GREENHOUSE GAS MANAGEMENT - GARBAGE, WASTE AND POLLUTION MANAGEMENT - RESPONSIBLE ENERGY AND RESOURCE MANAGEMENT | <ul style="list-style-type: none"> - ENHANCEMENT OF HUMAN RESOURCE POTENTIAL AND HUMAN RIGHTS - OCCUPATIONAL HEALTH AND SAFETY AT WORK - PARTICIPATION IN THE DEVELOPMENT OF COMMUNITIES AND SOCIETY |

3. Sustainability Management in the Economic Dimension

Corporate Governance Towards Sustainability

Policy

The Company realizes the importance of good corporate governance by adhering to regulatory measures to create sustainable business value. This also includes the management system and control of the Company's internal operations to allow the Company to achieve the goals set for the best interests of shareholders in the long run. The Company acts under the principles and best practices defined by the Securities and Exchange Commission (SEC) along with the good corporate governance principles by the Organization for Economic Co-operation and Development (OECD) which are used as guidelines in determining the principles of good corporate governance of the Company to build confidence among all concerned parties and become the foundation for sustainable growth of a business which has transparency, integrity, accountability, and competitiveness. The details of good corporate governance principles, business ethics, anti-corruption policy are published on the website www.pacificpipe.co.th/TH/investor.html (Corporate Governance topic).

Objectives

- Pass a good corporate governance assessment with an excellent grade (5 stars) by the Thai Institute of Directors Association continuously every year.
- Selected to be on the Thailand Sustainability Investment (THSI) list by the Stock Exchange of Thailand by 2022.
- Selected as one of the ESG 100 Securities with outstanding performance on environment, society, and governance. by Thaipat Institute within 2024.

Strategy / Action Plan

- Comply with the law, requirements, rules, and regulations related the Company's business operations strictly.
- Review and improve internal audit control processes, rules, regulations, and organizational guidelines to be up-to-date according to the current situation and in accordance with the principles of good corporate governance for listed companies in 2017 (CG Code) at all times.

Operations

1. The Company has reviewed the policies and guidelines for good corporate governance, including other policies and guidelines related to all groups of stakeholders as well as business partners.
2. Conduct audits, review, amend, and improve the Company's rules and regulations in accordance with the law and regulations of various departments that oversees business operations and various activities in the entire business chain of the corporation.
3. Conduct operations as a member of the Thai Private Sector Collective Action Coalition Against Corruption (CAC) and announce the No Gift Policy annually.
4. Apply the principles of good corporate governance for listed companies in 2017 (CG Code) to be adapted to suit the context of the corporation.

Performance Results

- Passed a good corporate governance assessment at an excellent level (5 stars) by the Thai Institute of Directors Association for the 3rd year in a row.
- Has been assessed for sustainable stocks or Thailand Sustainability Investment (THSI) by the Stock Exchange of Thailand for the first year with a total score of 53 points, which has not yet been considered. The Company has appointed a working group of corporate sustainability that has a duty to improve, report, and disclose information on various topics as the Board dictated and suggested. This is to help the Company to be selected on the list of sustainable stocks.
- The Company has participated in the ESG100 assessment for the first year and has been selected to receive the ESG Emerging Company award by Thaipat Institute. The Company has appointed a working group on corporate sustainability to formulate a concrete sustainability plan. This is to help the Company to be selected as one of the ESG100 securities by 2024.

Business Risk Management

Policy

The board of directors supports and promotes the establishment of an internal risk management system, which is one of the key mechanisms for achieving objectives and adding value to stakeholders. The board has assigned executives and employees in various departments to be risk owners, who have roles, duties, and responsibilities to assess and manage risks responsible to be at acceptable levels by the Company, as well as promote and encourage risk management to be part of corporate culture by raising awareness of the importance of risk management. This can be achieved by providing effective risk management processes in every step, which complies with the framework of risk management structure based on international standards of the Committee of Sponsoring Organization of the Treadway Commission (COSO), which consists of the internal control system (COSO) framework and the Enterprise Risk Management (ERM) framework based on the principles of good corporate governance. This can help the Company increase its chances of success with limited resources effectively and reduce uncertainty in operating results. The Company has published details of the "Risk Management Policy" on the website www.pacificpipe.co.th

Objectives

To be able to deliver value through the Company's products and service continuously and with stability.

Strategy / Action Plan

The Company has a systematic risk management by appointing a risk management committee. It shall perform supervisory duties by assessing, monitoring, and reporting key risks to the board of directors. In 2020, the Company has reviewed and assessed the risk factors and set up a control plan to reduce the impact of major risks that may occur, which can be summarized into 5 factors as follows:

1. Strategic risks
2. Operational risks
3. Financial risks
4. Regulatory risks
5. Environmental and social risks

Operations

1. The Company assesses the risk factors that may occur and has an effect on business operations in various dimensions. The details are summarized in the "Risk Factors in the Company's Business" section.

2. The Company operates the risk management process and has summarized the details in the Risk Management topic, which has been approved by the risk management committee. This is to provide a guideline for each department to determine their respective risk management procedures systematically and put into practice, which shall be in accordance with the goals of the corporation. The Company has published such details on the website www.pacificpipe.co.th/files/policy/การบริหารความเสี่ยง.pdf which includes all 8 components as follows:

1. Internal Environment
2. Objective Setting
3. Event Identification
4. Risk Assessment
5. Control Activities
6. Risk Response
7. Monitoring
8. Information & Communication

3. All departments are required to conduct a risk assessment and risk review annually at least once. The departments shall also be assessed by internal audit to ensure that all departments have been operating in accordance with the policies and working standards.

Performance Results

1. Continuous business operations without interruptions.
2. No complaints or disputes which affect business operations and corporate performance.
3. Delivered products and services with value. The average total customer satisfaction is 87.7%, an increase of 6.24% from the previous year.

Improving the quality of products and services through innovation and technology

Policy

The Company places importance on and is committed to continually developing products and services to meet the needs of all groups of customers with different preferences. This can be achieved by using technology and modern innovations to design the production and business processes to be efficient to increase productivity, reduce waste, time, costs, and safety, as well as reduce environmental impact.

Objectives

- Continuously employ technology to increase efficiency in production processes and services every year.
- The overall customer satisfaction rating is more than 80%.

Strategy / Action Plan

1. Study and understand the needs of each group of customers.
2. Explore the processes in the corporation's value chain to identify gaps in efficiency improvements.
3. Assign responsible persons for each department to assess risks and opportunities in both business dimensions and operation
4. Employ technology and innovation to enhance efficiency in the value chain processes.

Operations

The Company has introduced technology to be employed in the production and work processes to increase efficiency and safety and reduce costs in terms of time and expenses. Additionally, technology can help reduce waste that may affect the environment. The Company has taken the following actions:

1. The development of the rolling production database system at present is employing 'Internet of Things' technology to receive data from machines through a sensor system, which can display the results in real-time to be able to check the status of important iron production control values. The collected data can be analyzed for immediate corrective actions in the event that it is found that the production control values do not meet the standards. This is to increase efficiency and reduce the chance of waste generated from the production process, reducing the time needed to take notes, and the time needed for employees to input data into the system by employees as well.

2. The Company has applied technology in the maintenance program of CMMS into the work process to prevent and solve problems that may arise from the machinery, which can reduce operational procedures, create effective inter-agency communication, and ensure reliable data. By analyzing various data through dashboard report, machinery efficiency is increased with lower risk of breakdowns, resulting in on-time planning and delivery of products to customers as requested. In 2021, machine breakdowns has decreased by 30% compared to 2020.

3. Employing the software of customer relationship management system or CRM in the marketing and sales processes to increase effectiveness. This is achieved by collecting and analyzing information to meet the needs of each group of customers as specified, as well as connecting data with various agencies to manage customer complaints effectively. This will ensure that customers will have a good experience which directly influences the maximum customer satisfaction.

4. The e-Document and online approval systems are employed in the documentation process in the business chain to increase the work efficiency to be more flexible. This can be achieved with time reduction, reduction of lost document errors, paper usage reduction, and most importantly reduction of unnecessary exposure to documents and meetings as part of reducing the risk of transmission of the COVID-19 virus during work from home periods more effectively.

Performance Results

- Employ technology to increase efficiency in production processes and services in the year 2021 which includes 5 issues.

- Delivered products and services with value. The average total customer satisfaction is 87.7%, an increase of 6.24% from the previous year.

- In 2021, the amount of paper used per year is 2,475.6 kg, which is reduced from the base year of 2020 by 746.8 kg. This is partly due to employing e-Document technology and online approval system.

4. Sustainability Management in Environmental Dimensions

Policy

As a member of the steel pipe manufacturing industry, which has an impact on the environment through pollution, industrial waste, and the use of natural resources, the Company is committed to managing the environment systematically by applying the ISO 14001: 2015 standard for a sustainable environment in accordance with and responding to the company's energy policies, which the company has announced on the website at www.pacificpipe.co.th/files/policy/นโยบายการอนุรักษ์พลังงาน.pdf

Objectives

- By 2027, greenhouse gas emissions per unit of production will be 20% lower than in the baseline year (B.E. 2561).
- Increase green area by 20 percent by 2027
- Each year, the amount of electricity consumed decreases.
- Water usage is less than 80 cubic meters / person / year
- Control the amount of waste (industrial waste)

generated to ensure compliance with the requirements of the industrial waste and underutilized materials management.

Strategy and Action Plan

- Evaluate the corporation's current energy usage in order to establish targets for energy reduction and various values.
- Appoint a person to be responsible of planning for energy conservation and reduction, including water and fuel usage.
- Implement the work according to the plan and follow up on it.
- Analyze and amend the action plan by summarizing the performance and comparing it to the objectives.

Greenhouse Gas Management

Operations

The Company acknowledges the critical nature of climate change issues. The Company has set rules for greenhouse gas management operations (Carbon Footprint) in a responsible manner in order to contribute to ecosystem protection, mitigate global warming, and repair the natural environment on a continuous basis. Additionally, the Company has encouraged employees to understand the corporation's and products' carbon footprints and to collect data for the purposes of calculating, monitoring, reporting, and verifying greenhouse gas emissions or reabsorption, resulting in a plan for continuously implementing GHG reduction activities in the corporation and products in accordance with international standards. The Company has designed the following procedure for managing greenhouse emissions in accordance with internationally recognized norms and frameworks, which include the United Nations Sustainable Development Goals:

1. The target of greenhouse gas emissions per unit of production is reduced by 20 percent by 2027 compared to the baseline year (B.E. 2561).
2. Measures
3. In terms of carbon footprint preparation and evaluation, the Company calculates the quantity of greenhouse gas emissions from various operations in the form of carbon dioxide equivalent trees, taking into account the three major components:

| | | | |
|------------|---------------------------------|----------------------|----------------------------------|
| Type 1 | 1911.54 tonCO ₂ eq | accounted for 14.72% | of all greenhouse gas emissions. |
| Type 2 | 11,044.96 tonCO ₂ eq | accounted for 85.07% | of all greenhouse gas emissions. |
| Category 3 | 26.42 tonCO ₂ eq | accounted for 0.20% | of all greenhouse gas emissions. |

The amount of greenhouse gas emissions expected in 2021 is currently undergoing an audit by relevant organizations.

Part 1 Calculation of carbon footprint (direct emissions) from organizational activities, such as the combustion of corporate machines, car use (owned by the Company), the use of chemicals in wastewater treatment and leaks from processes or activities, etc.

Part 2 Calculation of carbon footprint from energy indirect emissions, which is the acquisition of energy for usage in the corporation, such as electric power, thermal power, and steam power, etc.

Part 3 Other indirect carbon footprint calculations, employee travel in non-corporate vehicles, trips to on-site seminars, the use of materials, equipment, etc.

4. Enhancements to resource efficiency

Performances

As a result of the Company's attention on greenhouse gas reduction, the total corporate greenhouse gas emissions (CFO) in 2020 were 12,982.92 tons of CO₂eq, a 49.78% increase over the 2016 base year, and the indicators of greenhouse gas emissions from the Company's operations were carbon intensity, expressed as a percentage of greenhouse gas emissions per unit of product generated (kgCO₂eq/EQ), is used as a proxy for corporate performance in lowering greenhouse gas emissions.

| ISSUES | OBJECTIVES | GOALS | PERFORMANCES | |
|--|--|--|--|---------|
| | | | 2021 | 2020 |
| CONTROL OR REDUCE GREENHOUSE GAS EMISSIONS ACROSS THE VALUE CHAIN IN BUSINESS PROCESSES. | CONTROL OR REDUCE GREENHOUSE GAS EMISSIONS ACROSS THE VALUE CHAIN IN BUSINESS PROCESSES. | REDUCE GREENHOUSE GAS EMISSIONS BY AT LEAST 1% OVER THE PREVIOUS YEAR. | IN THE PROCESS OF REQUESTING AN AUDIT FROM THE RELEVANT ORGANIZATIONS. | -49.78% |
| INCREASE NATURAL SPACE THROUGH TREE PLANTING | INCREASE THE AMOUNT OF AVAILABLE NATURAL SPACE AND OXYGEN IN THE AIR | 20% OF THE TOTAL AREA BY 2027 | 2.02% | 2.01% |

Management of garbage, waste, and pollution

Operations

The Company is cognizant of the value of waste and garbage management. As a result, the Company works to enhance waste management, particularly the management of industrial waste and underutilized materials, by establishing operating rules based on the three R's: Reduce, Reuse, and Recycle. Segregation of waste enables it to be managed and disposed of more effectively and efficiently, hence minimizing the environmental impact in accordance with the Company's aims.

Performances

| ISSUES | OBJECTIVES | GOALS | PERFORMANCES | | |
|--|--|--|--------------|--------|--------|
| | | | 2021 | 2020 | 2019 |
| INTERNAL WASTE MANAGEMENT OF THE COMPANY | REDUCE THE QUANTITY OF WASTE OR WASTED MATERIALS GENERATED THROUGHOUT THE MANUFACTURING PROCESS. | ABLE TO SEPARATE WASTE ACCORDING TO WORK INSTRUCTIONS 100% | 94.06% | 91.03% | 90.07% |
| | | REDUCE THE AMOUNT OF SEWAGE OR UNWANTED SCRAP MATERIALS PRODUCED BY <1% / TONS PRODUCED. | -0.2% | -7.12% | 0.05% |
| ENVIRONMENTAL CONTROL (AUDIO, PM10) | CONTROL THE ENVIRONMENT (NOISE, PM10) IN ACCORDANCE WITH APPLICABLE LAWS. | SURVEILLANCE RESULTS PASS THE CRITERIA AS REQUIRED BY LAW 100%. | 100% | 100% | 83.33% |

Responsible Energy and Resource Management

Operations

In its current state, the country is confronted with energy issues, which is a significant problem that has a major impact on the country's society and environment. As a result, the Company has implemented an energy management system and valuable resources to be applied within the corporation in order to contribute to sustainable environmental development. The Company recognizes the importance of energy conservation and it is the responsibility of all employees to work together to manage energy in a sustainable manner. As a result, the Company has devised an energy conservation strategy, which is available on the Company's website at www.pacificpipe.co.th/files/policy/นโยบายการอนุรักษ์พลังงาน.pdf to serve as a guideline for energy operations, promoting energy efficiency and maximizing benefit. Previously, various activities such as public relations campaigns on energy and water conservation, as well as activities to raise awareness of the value of resource use in both online and offline formats, as well as changing, improving, and changing again various energy and resource-related devices, such as changing the light fixture to High Bay LED were undertaken, and the factory is also certified as a Green Factory. (green factory and modernization of machinery, etc.).

Performances

| ISSUES | OBJECTIVES | GOALS | PERFORMANCES | | |
|---|--|---|--------------|--------|---------|
| | | | 2021 | 2020 | 2019 |
| CONTROLLING THE COMPANY'S ELECTRICITY CONSUMPTION | REDUCING THE QUANTITY OF ELECTRICITY CONSUMED WITHIN THE COMPANY | REDUCING ELECTRICITY CONSUMPTION BY 2% PER PRODUCT UNIT (KWH/TONS) (COMPARED TO 2018 DATA). | 30.31% | 7.51% | 6.03% |
| WATER CONSUMPTION CONTROL | REDUCING THE QUANTITY OF WATER USED WITHIN THE COMPANY | REDUCING WATER USAGE BY 5% (COMPARED TO 2018 DATA) | 52.87% | 24.64% | 2.58% |
| COMMUNICATION OF PUBLIC RELATIONS AND PROMOTION CAMPAIGN ENVIRONMENTAL ENERGY | INCREASING EMPLOYEE UNDERSTANDING AND ENVIRONMENTAL PROTECTION INSIDE THE CORPORATION. | PUBLIC RELATIONS COMMUNICATION. CAMPAIGN TO PROMOTE ENERGY AND ENVIRONMENT TO BE 100% IN ACCORDANCE WITH THE PLAN | 100% | 100% | 133.33% |

Other Environmental Assessment Results

| NO. | LIST | INDICATORS | | | MEASUREMENT RESULTS | | |
|-----|-----------------------------|--------------------------|---------------|-------|------------------------|--------|--------|
| | | PARAMETER | STANDARD RATE | UNIT | ALL MEASUREMENT POINTS | PASSED | FAILED |
| 1 | Air pollution from chimneys | Zn | - | - | - | - | - |
| | | TSP | 320 | mg/m3 | 4 | 100% | 0% |
| | | NO2 | 690 | ppm | 2 | 100% | 0% |
| | | SO2 | 700 | ppm | 2 | 100% | - |
| | | ZnO | - | mg/m3 | 3 | 100% | - |
| | | CO | 400 | ppm | 2 | 100% | - |
| 2 | Light intensity | Opacity value | 10 | % | 4 | 100% | - |
| | | Light intensity | 100-500 | Lux | 294 | 53% | 47% |
| 3 | Sound | Leq 24 hrs. | 70 | dB(A) | 13 | 23% | 77% |
| | | noise | 10 | dB(A) | 13 | 31% | 77% |
| | | Sound 8 hours. | 85 | dB(A) | 32 | 34% | 66% |
| | | Noise dose | 85 | dB(A) | 30 | 47% | 53% |
| 4 | Heat | Moderate work | 32 | °C | 39 | 100% | - |
| | | Light work | 34 | °C | 7 | 100% | - |
| 5 | Chemicals | Ammonia | 50 | ppm | 2 | 100% | - |
| | | Chloride as NH3 | 35 | ppm | 1 | 100% | - |
| | | Chloride as Cl2 | - | ppm | 2 | 100% | - |
| | | Toluene | 200 | ppm | 49 | 100% | - |
| | | Iron Oxide Fume | 5 | mg/m3 | 30 | 100% | - |
| | | Oil Mist | 5 | mg/m3 | 25 | 100% | - |
| 6 | Dust | Total dust | 15 | mg/m3 | 67 | 100% | - |
| | | Small dust (2.5 microns) | 0.05 | mg/m3 | 4 | 100% | - |
| | | PM10 | 0.12 | mg/m3 | 16 | 100% | - |
| | | Zinc oxide | 5 | ppm | 6 | 100% | - |

5. Sustainability Management in Social Dimensions

Human Resources Empowerment and Human Rights

Policy

The Company places a high value on human resource development since it recognizes that the corporation can grow based on the potential and abilities of its employees. As a result, the Company is committed to continuously developing human resources through various processes and strictly adhering to the principles of human rights in accordance with Thai labor standards set by the Ministry of Labor, including emphasizing fair labor practices without discrimination in terms of employment, compensation, promotion, and development. There is no discrimination based on gender, age, educational institution, religion, ethnicity, color, or physical impairment or disadvantage, and, most significantly, the Company attempts to prevent sexual violations or harassment, as well as infringement of copyright or intellectual property rights. The Company's human rights and employment policies are available on the Company's website at <https://www.pacificpipe.co.th/files/policy/นโยบายด้านสิทธิมนุษยชนและการปฏิบัติต่อแรงงาน.pdf>

Goals

- Assessment of employee engagement with the corporation and employee satisfaction have results of more than 80%
- The turnover rate is less than 10%.
- Employees received development constantly with an average of 25 hours of training per employee in each year.
- There is no labor conflict or human rights abuse.

Strategy / Action Plan

- Work under the human rights principles following to Thai labor standards and social responsibility of Thai businesses (UTCC. 8001-2553) of the Ministry of Labor strictly.
- Implement human rights and labor policy to be a guideline in the corporation.
- Provide knowledge and understanding of human rights and human resource development at the executive level.
- Create and promote a good working

environment.

- Promote employee potential and skill development for career advancement.
- Create a conscious culture among employees through shared value corporation continuously.

Operations

1. The Company has created implementation guidelines of human resource management operations to set as a standard for all departments to follow and to drive effective personnel management as follows:

- Structural design based on the appropriateness of administration in relation to the Company's goals and business strategy
- Fair and effective recruitment and selection of personnel. The process was designed and the method was selected in order to hire employees who has the qualifications and attitudes as the corporation set
- Organize personnel promotion and development by setting plans for human resource development from the executive level up to the operational level. This is in order to enable progress and promote ethical employees in relation to the goals of the corporation.
- Fair compensation management with a clear salary structure and in line with the labor market. There are both monetary and non-monetary forms of return. This is achieved by using a fair and transparent performance appraisal system.
- Encourage employee interaction activities by creating a balance between work and good relationships between the corporation, colleagues, and executives

2. Under the principle of human rights, the Company has a method for recruiting, selecting, and treating employees equitably. The Company has recruited and carefully considered employees in accordance with the corporation's employment policy. The recruitment process is based on qualifications, skills, knowledge, abilities, and a good attitude that is appropriate to the position and shared values of the corporation, as demonstrated by the administration of three types of tests, namely general knowledge, knowledge related to that job function, personality and attitude, and finally an interview by the position's department in collaboration with human resources officers. During the past year, the Company has recruited and considered employing people in accordance with the Company's growth objectives. The Company had 856 employees as of 31 December 2021, with an average age of 36 years and 7 years of employment, with the following details:

| Employees | 2019 | Year 2020 | Year 2021 |
|-----------|------|-----------|-----------|
| Male | 647 | 861 | 679 |
| Female | 235 | 256 | 177 |
| Total | 882 | 1,117 | 856 |

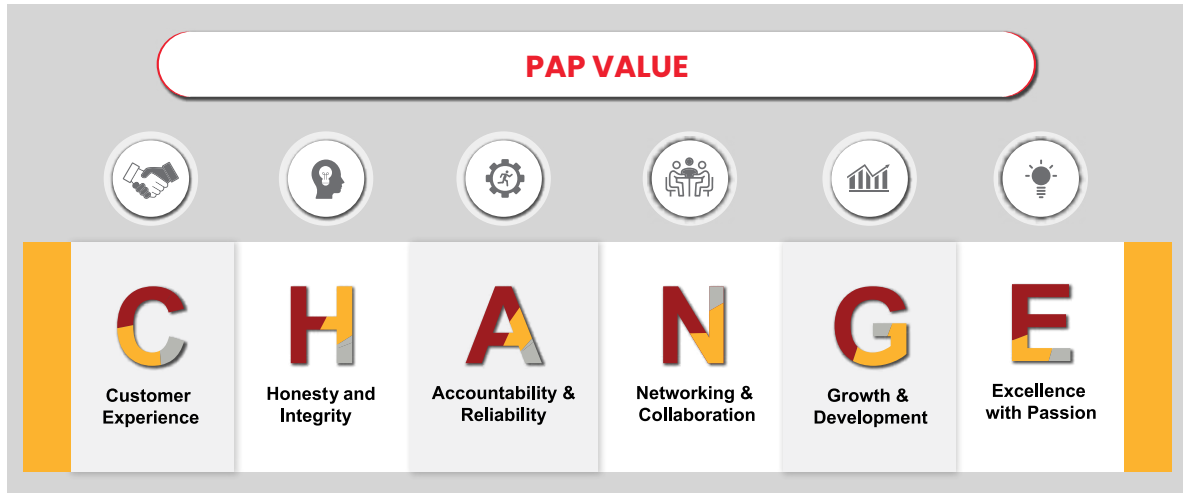
The Company does not employ child labor or forced labor. The Company treated labors of all genders, races, religions, and cultures equally. The details of employees are as follows:

| Details | Number of Employees (Person) | | |
|-------------------------------------|------------------------------|------------|------------|
| | Male | Female | Total |
| Full time employee (monthly) | | | |
| Bangna Distribution Center | 6 | 3 | 9 |
| Lat Lum Kao Distribution Center | 12 | 5 | 17 |
| Lumpini Center | 47 | 83 | 130 |
| Mahachai Center 1 | 5 | - | 5 |
| Mahachai Center 2 | 81 | 18 | 99 |
| Mahachai Center 3 | 45 | 15 | 60 |
| Phra Pradaeng Center (Headquarter) | 135 | 39 | 174 |
| Daily staff | | | |
| Bangna Distribution Center | 6 | 1 | 7 |
| Lat Lum Kao Distribution Center | 5 | - | 5 |
| Mahachai Center 1 | 10 | 1 | 11 |
| Mahachai Center 2 | 97 | 2 | 99 |
| Mahachai Center 3 | 98 | 5 | 103 |
| Phra Pradaeng Center (Headquarter) | 132 | 5 | 137 |
| Total | 679 | 177 | 856 |

| Details | Number of Employees (Person) | | |
|-------------------|------------------------------|------------|------------|
| | Male | Female | Total |
| Executive staff | 37 | 13 | 50 |
| General staff | 217 | 138 | 355 |
| Operational staff | 425 | 26 | 451 |
| Total | 679 | 177 | 856 |

3. The purpose of the employee engagement survey and employee satisfaction with the corporation is to research and analyze the data to develop and enhance people management activities. The year 2021 marks the first year that the Company has conducted a survey on the topic by using a questionnaire for all Company employees without collecting personal information in order to obtain the most genuine opinions and suggestions. The HR department will collect and evaluate data in order to provide the executives with a development strategy to improve human resource operations. They have presented the survey results to the Company's personnel in order to demonstrate the Company's sincerity and good intentions.

4. To promote common values and organizational culture, the Company has defined six common values and organizational cultures, which are communicated through organized activities to encourage employees to increase their awareness and understanding of such values through the Company's CHANGE campaign, which includes VDO, six short films presenting common values and six organizational cultures. There are also activities through various channels both online and offline since the 3rd quarter of 2021, with a plan to continue operating throughout the year 2022.



5. The Company maintains a continuous training program for employees through joint training planning sessions with internal agencies to develop internal training courses and the provision of training courses from external corporations. Additionally, the human resources department has established a framework for consideration and an individual development plan for the highest supervisor of each unit, using the results of the analysis (gap analysis) as data for personnel development through a variety of tools, including training , coaching, on-the-job training, mentors, media training, and activities to close gaps (close gap competency). In 2021, the Company has planned training courses and dispatched employees to participate, totaling an average of 10.74 hours of training per employee per year.



6. The Company has planned a framework and rules to ensure that the potential is utilized effectively to support main operational performance and career progression.

- Provide comprehensive and equitable career path plans for employees based on their positions and the difficulty of the jobs. This process entails identifying skill levels for each job category and utilizing them to develop a compensation structure.
- In terms of promotion system, after employees have completed the knowledge, skill, and competence development system suited to their positions, the Company will allow employees to apply for promotion tests to ensure employees at all level could be promoted based on the Company's requirements.
- Recruitment and succession plans of top executives: Prior to considering outsiders for the Company's executive positions, internal employees will be considered first, as the Company believes that being an executive requires knowledge, abilities, experience, and a true understanding of the Company's business. They also shall be honest people with excellent ethics. The Company will assign challenging assignments and conduct performance reviews during the recruiting process, as well as compel them to study and complete various duties within the corporation in order to improve leadership abilities and expertise in all areas.

7. The Company has a reward management program that utilizes the remuneration management policy as the primary tool for recruiting and retaining personnel, both in monetary terms and through a variety of non-monetary activities. The monetary remuneration is determined by the employee's well-being as income increases through performance reviews that include key performance indicators (KPIs), and there is a proposal for employees to partake in exams for promotions. For non-monetary remuneration, there will be a component that motivates employees to grow their careers, gain knowledge, and develop skills in responsible work through training activities, both internal and external. There is a suitable atmosphere and basic utilities required for operation, as well as the coordination of employee relations activities to

foster a relationship between employees and the Company. Additionally, the Company will assist employees in relieving stress associated with their job responsibilities. The Company has conducted four employee relation activities in 2021.

Performances

- For the first year, the company conducts a relationship survey and assesses employee satisfaction with the corporation. The survey's findings are as follows:

| Survey topic | The results of the 2020 survey | The results of the 2021 survey |
|--|--------------------------------|--------------------------------|
| Employee's relationship with the corporation | - | 78% |
| Employee's satisfaction with the corporation | - | 73% |

The Company will examine the survey data to identify areas for improvement across multiple dimensions as indicated by the survey findings to raise employee engagement and satisfaction and exceed the target by more than 80%.

- Employee turnover rate for in2021

| Survey topic | Year 2020 | Year 2021 |
|------------------------|-----------|-----------|
| Employee turnover rate | 27.7% | 25.1% |

Although the employee turnover rate in the current year is reduced by 2.5 % compared to the previous year, the goal that the Company has set is that the employee turnover rate is to be less than 10%. As a result, the Company will need to implement an additional action plan in 2022 to ensure that staff turnover remains within the Company's desired range.

- In 2021, employees receive ongoing training to maximize their potential and knowledge.

| Survey topic | Year 2020 | Year 2021 |
|---------------------------------------|-----------|-----------|
| Training hours (hour / person / year) | 9.76 | 10.74 |

The Company aims for the average employee training hours of 25 hour / person / year. The Company must formulate a concrete and continuous operational plan in order to achieve the aforementioned goal. In 2021, the Company has trained employees in categories as follows:

1. Development in human resource management training: 3 courses. A total number of 50 people has attended and passed the training courses.

2. Developing specific skills, competencies training: 61 courses. A total number of 393 people has attended and passed the training courses.

3. Safety training: 3 courses. A total number of 132 people has attended and passed

- Employees who are promoted are as follows:

| Employee promotion details | Year 2020 | Year 2021 |
|--|-----------|------------|
| Management level (person) | 2 | 5 |
| Employee level (person) | 8 | 23 |
| Operation level (person) | 13 | 90 |
| Total | 23 | 118 |
| as a percentage of the total number of employees | 2.4 | 13.78 |

- Throughout 2021, the Company has no labor conflict or human rights abuse

Occupational Hygiene and Safety

Policy

The Company places great importance on care management of occupational safety, health, and working environment to ensure that the Company is providing services and carrying out various activities in order to raise the Company's labor standards. This includes the employees' quality of life, better and safer working environment that is not harmful to health both physically and mentally, fair treatment that is in accordance with related laws and regulations. This is a way for the Company to show commitment and comply with the aforementioned objectives continuously. Moreover, the Company is determined to be a manufacturer of quality, safe, and environmentally friendly steel pipes. The details of the safety, health, and environment policy are displayed on the website <https://www.pacificpipe.co.th/files/policy/นโยบายความปลอดภัย อาชีวอนามัย และสิ่งแวดล้อม.pdf>

Goals

- Conduct business operations in accordance with related laws and regulations
- Injury Frequency Rates (IFR:) has been declining every year.
- Safety awareness is continuously promoted every year.

Strategy / Action Plan

1. Compliance with the relevant laws, regulations, requirements, and rules of safety and environmental management.
2. Prevent and reduce the risk of workplace hazards.
3. Build and promote safety awareness to employees.

Operations

1. Compliance with the relevant laws, regulations, requirements, and rules of safety and environmental management.

- Assess occupational health and environmental management system to follow all applicable safety and environmental laws, regulations, requirements, and regulations annually, or when current or new regulations are implemented.

- Improve and correct the Company's policies, requirements, regulations, or guidelines in accordance with the above assessment.

2. Prevent and reduce the risk of workplace hazards.

- Formulate a safety, occupational hygiene, and work environment committee to have a responsibility to develop plans and methods to reduce hazards and occupational health and work environment risks, as well as to control, prevent, and assess risks in accordance with applicable laws, regulations, and requirements.

- Add lightning and reduce blind corners around the production area and warehouse in order to reduce the risk of hazards caused by insufficient lightning.

- Adjust traffic landscape, routes, and symbols within the factory area and warehouse according to international standards. This includes painting the traffic line, designing parking area, and installing traffic signs in order to prevent and control the dangers of traffic in the Company's area.

- Measure work environment. Employ a certified external agency to measure the work environment (light, noise, heat, chemicals) to ensure that the Company's work environment is appropriate according to the law and safe for employees within the corporation.

- Review and rehearse emergency prevention and suppression plans at least 1 time a year.

3. Create and promote employees to be conscious of workplace safety.

The Company has implemented effective occupational health and safety policy by educating employees in the methods of management system requirements (Awareness Training), the methods of risk assessment (Risk Assessment Training) and the methods of assessing the management system in terms of occupational health and safety (Internal Audit Training). Employees who have passed these trainings will be able to work appropriately and will receive a certificate of a trainee in various courses. The Company also has a process for the occupational hygiene and safety management assessment in order to review and improve continuously.

The Company has been certified by ISO 45001:2018 (Occupational health and safety management systems) from TUV NORD (Thailand) Ltd., which is an occupational health and safety management system standard. The goal is to reduce and control the hazards of employees, including increasing the efficiency of business operations for safety and promoting corporate image of responsibility towards employees and society. In the past year of 2021, the Company has organized various activities in order to create and promote safety awareness as follows:

- Provide training courses on safety, occupational health, and work environment, with a total of 3 courses
- Organize the Zero Accident Reduction Campaign "PAP Safety Campaign", which is a public relations activity held both online and offline. All employees have a 100% access to campaign activities such as danger point identification, safety slogan contest, wearing protective clothing safely, etc.
- "Returning home safely and far from COVID-19" project, which is an activity that the Company has collaborated with Thai Health Promotion Foundation to organize activities before Songkran Festival in order to send employees home safely from travel hazards and self-protection from COVID-19. There is a 100% attendance rate among employees.

4. Implement measures to prevent the spread of the COVID-19 virus

The Company takes care of employees during the spread of the COVID-19 virus by implementing various measures to prevent and strictly control the spread as follows:

- Determine measures for entering office and factory areas for outsiders as well as employees in strict adherence to guidelines of public health.
- Implement work measures from residential properties to prevent traffic congestion and the risk of travelling for the entire year.
- Seek vaccines for COVID-19 to administer to employees at all levels for 2 doses in 2021 and a 3rd dose in 2022 for 100% of employees to create group immunity as part of social responsibility.
- Promote awareness and understanding of prevention of the spread of the COVID-19 virus through various channels of public relations in both Thai and Burmese languages continuously.
- Build a field hospital with a total of 80 beds which is certified by the Ministry of Public Health.

Performances

- The Company has been certified as a standard for the ISO 45001:2018 (Occupational health and safety management systems) continuously.
- Injury Frequency Rates (IFR:) has been declining every year.

| Survey topic | Year 2020 | Year 2021 |
|---|-----------|-----------|
| Employee Accident Frequency Rate: Injury Frequency Rate -IFR (Number of Victims per working hour 1,000,000 hours) | 52.46 | 39.74 |

Every year, the Company aims to lower the frequency rate. In 2021 the IFR rate is 24.25 % lower than the previous year, according to data.

The Company has activities to create and promote safety awareness for employees throughout the year 2021, with 3 projects organized. The Company expects to organize such activities continuously every year.

Participation in the Development of Communities and Society

Policy

The Company has prioritized the responsibilities to communities and society on a continuous basis, particularly in regard to living together with the communities and society through good communication and participation in activities, with the goal of fostering a positive relationship and understanding between the Company and the communities in order to ensure that the Company's business operations will have no negative consequences, but instead support the communities and society to grow sustainably in accordance with the social responsibility policy. The details are displayed on the website <https://www.pacificpipe.co.th/files/policy/นโยบายด้านความยั่งยืน.pdf>

Goals

- Zero external complaints
- Carry out projects that improve cooperation between the Company, communities, and society continuously every year.

Strategy / Action Plan

- Appoint a community relations committee to define duties and guidelines for effective operations.
- Create connection between the Company, communities, and society by using resources, knowledge, and expertise of the Company to their maximum potential.
- Promote participation in communities and society development through communication, activities, and projects

Operations

1. Appoint a community relations committee to define duties and guidelines for effective operations in compliance with the code of business ethics as follows:

- Review sustainable development policy and guidelines for effective community relations by focusing on community development in order to have a better quality life in 3 dimensions: economy, society, and environment.
- Appoint a working group responsible for community relations in each area to represent the Company in discussing and listening to problems and complaints, collecting data, and

analyzing problems systematically in order to achieve effective access to the communities and build relations with relevant stakeholders, which contributes to a quick and effective way to support communities and surrounding society.

- Arrange a board meeting to consider plans, budgets, as well as related important issues, then present a summary of operating results to the executives quarterly.

2. Promote participation in communities and social development by considering surrounding communities which are close to the Company and can be potentially affected directly by the Company's operations. These include Kobe Community (Suksawat 80), Tha Sai Community (Samut Sakhon), and Samut Sakhon Industrial Estate. Furthermore, the Company prioritizes on supporting and developing a high quality life in Thailand's society without discrimination. The Company also supports as much as it could to help bring communities and society towards sustainable growth. Throughout 2021, the Company has completed the following projects and activities:

- 2.1. "PAP: Providing Knowledge to Society" Project
 - Volunteer Coach Project, which is part of the "SET Social Impact Gym" project for the second year in a row. The project is organized by the Stock Exchange of Thailand with aims to improve social entrepreneurship potential (Social Enterprise: SE). The project also helps promote the growth of social entrepreneurs by providing knowledge, experience, specialization in corporate management, and suggestions by experts to develop business potential of social enterprises. The Company has allocated 2 executives to be coaches for the SET Social Impact Gym 2021 project since October 2021. The executives have participated throughout the course of the project's 5 weeks period, with a total of 17.30 hours throughout the 5 weeks.
 - Shared knowledge through special lectures on construction business management with a special "Business Modeling" topic for the 2nd consecutive year to assist students in understanding the perspective of business ownership and knowledge of construction business before entering the labor market.

Participating students are from the Department of Industrial Education, Civil Engineering, King Mongkut's University of Technology Thonburi, consisting of current students and 37 alumni.

- Provide knowledge about steel production, processing, and standards related to both structural steel pipes and steel pipes system to engineers, architects, contractors, as well as construction building designers. This is organized jointly with trading partners, the Engineering Institute of Thailand, Society of Structural Engineers of Thailand, and Siamese Architects. Throughout the year 2021, the Company has held 16 seminars online and offline, with a total of 1,670 participants.

2.2. PAP Project: Providing Happiness to Sustainable Society

- Support the "Imagination Online Red Cross Fair" design competition at secondary and tertiary education levels from April 2021 to June 2021 to allow a new generation of students to apply digital technology knowledge for the benefit of learning for themselves and society. This can develop an analytical thinking approach and further support a Red Cross online event in the future. The Company has received a royal trophy from Her Royal Highness Princess Maha Chakri Sirindhorn's Somdej Phra Kanitthathirat Department, as well as scholarships from the Revenue Office and the Thai Red Cross Society.

- Work together with Samut Sakhon Industrial Estate to establish a field hospital (Factory Accommodation Isolation: FAI) with 40 beds to support patients infected with the COVID-19 virus, which are certified by public health officials. These beds are delivered to provincial workers and Samut Sakhon Provincial Public Health Office at the aforementioned number on 1 August 2021 as part of social responsibility for community health care.
- Donated Personal Protective Equipment (PPE) during a critical shortage of medical equipment through Ban Na Hospital to provide medical personnel with safe, protective clothing against the virus, which can save and extend lives for patients suffering from COVID-19 disease. The total value of donations is approximately 50,000 Baht.

Performances

- Zero external complaints
- Carry out 2 projects which improve cooperation between the Company, communities, and society continuously every year.

SUSTAINABLE DEVELOPMENT GOALS (SDGs)

The Company is determined to operate its business to develop sustainability and play a role in driving Thai society and the world community towards Sustainable Development Goals: (SDGs) of the United Nations. Furthermore, the Company is determined to build confidence for all stakeholders that the Company's operations are in line with international goals. In 2021, the Company has organized projects and activities related to sustainability in the dimensions of economy, society, and environment, which are consistent with 14 Sustainable Development Goals from a total of 17 goals.








Ref: <https://www.un.or.th/globalgoals/th/the-goals>




A summary of the related operations is as follows:

| Sustainable Development Goals (SDGs) | Sustainability issues of the company | Activities / Projects supporting the goals | Benefits to the Company | Social and environmental benefits |
|---|---|--|--|--|
| 1. Poverty Eradication No Poverty  | - Participation in the development of communities and society | - Business Coaching Volunteer Project for the society (Social Enterprise:SE) | - Build a positive relationship with the communities and society - Build a connection of executives participating in the activities | - Promote employment in the communities - Promote income generation for the communities |

A summary of the related operations is as follows:

| Sustainable Development Goals (SDGs) | Sustainability issues of the company | Activities / Projects supporting the goals | Benefits to the Company | Social and environmental benefits |
|---|---|--|---|--|
| 3. Good health and well-being  | <ul style="list-style-type: none"> - Human resources and human rights services - Occupational health and safety | <ul style="list-style-type: none"> - Care for employees during the COVID-19 crisis - Zero Accident Project - Adjusting the traffic landscape and adding lightning | <ul style="list-style-type: none"> - Build relationship with employees - Reduce employees' sickness absence - Reduce accidents | <ul style="list-style-type: none"> - Prevent the spread of COVID-19 |
| 4. Equal education Quality Education  | <ul style="list-style-type: none"> - Develop employees' potential - Participation in the development of communities and society | <ul style="list-style-type: none"> - Organize employees' training - "PAP:Providing Knowledge to Society" Project | <ul style="list-style-type: none"> - The number of employees with quality education, knowledge and skills increases. - Engineers, architects, and contractors have better understanding of the Company's products and standards more. | <ul style="list-style-type: none"> - Support equal and inclusive education - Promote employee learning - Use steel product correctly, cost-effectively, safety, and reduce waste. |
| 5. Gender equality  | <ul style="list-style-type: none"> - Human resources and human rights management - Develop employees' potential | <ul style="list-style-type: none"> - Treat workers equally - Open positions for suitable female candidates - Women in executive positions | <ul style="list-style-type: none"> - All employees are suitable to the job type and position. - Employees can use their full potential at work. | <ul style="list-style-type: none"> - Promote gender equality - Develop female roles to be able to work and earn wages from working |
| 6. Clean water management and sanitation  | <ul style="list-style-type: none"> - Manage energy and resource responsibly | <ul style="list-style-type: none"> - Campaign for the use of valuable resources responsibly | <ul style="list-style-type: none"> - Employees realize the value of energy and resources - Reduce the Company's water resources costs | <ul style="list-style-type: none"> - Conserve water resources |
| 7. Affordable and clean energy  | <ul style="list-style-type: none"> - Manage energy and resource responsibly - Greenhouse gas management | <ul style="list-style-type: none"> - Change to High Bay LED 180 W - Certified Green Factory | <ul style="list-style-type: none"> - Reduce dependency on primary power sources and turn to natural energy sources instead - Reduce long-term costs for the Company | <ul style="list-style-type: none"> - Reduce greenhouse gas emissions - Increase awareness of the use of alternative energy |

| Sustainable Development Goals (SDGs) | Sustainability issues of the company | Activities / Projects supporting the goals | Benefits to the Company | Social and environmental benefits |
|--|--|--|--|---|
| <p>8. Decent work and economic growth</p>  | <ul style="list-style-type: none"> - Human resources and human rights management - Develop employees' potential | <ul style="list-style-type: none"> - Employee promotion - Legal employment | <ul style="list-style-type: none"> - Raise efficiency in the production process - Build relationship with employees - Decrease turnover rate | <ul style="list-style-type: none"> - Promote effective employment and proper work positions for male and female employees - Encourage employees' career advancement |
| <p>9. Infrastructure innovation industry</p>  | <ul style="list-style-type: none"> - Develop the quality of products and services through innovation and technology | <ul style="list-style-type: none"> - Employ technology systems in the production process and services. | <ul style="list-style-type: none"> - Reduce waste - Increase the quality of products and services - Increase productivity in the work process - Increase customer satisfaction | <ul style="list-style-type: none"> - Invest in technology and innovation - Reduce industrial waste |
| <p>10. Reduce inequality</p>  | <ul style="list-style-type: none"> - Human resources and human rights management - Develop employees' potential | <ul style="list-style-type: none"> - Treat workers equally. No discrimination | <ul style="list-style-type: none"> - No legal action taken against for breaking the law, and no labor dispute. - Build relationship with employees | <ul style="list-style-type: none"> - Promote equality in society |
| <p>11. Sustainable cities and communities</p>  | <ul style="list-style-type: none"> - Participation in the development of communities and society | <ul style="list-style-type: none"> - "PAP:Providing Knowledge to Society" Project | <ul style="list-style-type: none"> - Build a positive relationship with the communities and society - Build a positive relationship with the educational institutions | <ul style="list-style-type: none"> - Support the communities to have strong, safe, suitable steel structure buildings. - Use various types of steels properly |
| <p>12. Responsible consumption and production plan</p>  | <ul style="list-style-type: none"> - Innovation management and product quality development - Manage energy and resource responsibly - Greenhouse gas management | <ul style="list-style-type: none"> - Production in accordance with the policy to minimize environmental impact. | <ul style="list-style-type: none"> - Reduce energy consumption - Reduce the waste in the production process - Scrap metals can be 100% sold and recycled. | <ul style="list-style-type: none"> - Use natural resources efficiently - Support a circular economy |

| Sustainable Development Goals (SDGs) | Sustainability issues of the company | Activities / Projects supporting the goals | Benefits to the Company | Social and environmental benefits |
|---|--|---|---|---|
| 13. Climate change adaptation Climate Action  | <ul style="list-style-type: none"> - Manage energy and resource responsibly - Greenhouse gas management | <ul style="list-style-type: none"> - Carbon Footprint Project - Campaign for the responsible use of valuable resources | <ul style="list-style-type: none"> - Reduce long-term costs for the Company | <ul style="list-style-type: none"> - Reduce greenhouse gas emissions that caused global warming - Increase awareness of the use of energy |
| 15. Utilization of terrestrial ecosystems Life on Land  | <ul style="list-style-type: none"> - Greenhouse gas management | <ul style="list-style-type: none"> - Adding more green areas | <ul style="list-style-type: none"> - Employees are conscious of reducing greenhouse gas emissions and conserving the trees | <ul style="list-style-type: none"> - Adding more green areas - Support sustainable forest management and resolve deforestation |
| 16. Equal society without discrimination Peace and Justice, Strong Institutions  | <ul style="list-style-type: none"> - Corporate governance for sustainability - Human resources and human rights management | <ul style="list-style-type: none"> - Comply with human rights principles and Thai Labor Standards (TLS) - Anti-corruption policy in the corporation | <ul style="list-style-type: none"> - No legal action taken against for breaking the law, and no labor dispute. - Develop company's credibility by being transparent and factual | <ul style="list-style-type: none"> - Reduce conflict - Reduce social problems - Prevent and oppose corruption |

CORPORATE GOVERNANCE

Corporate Governance Policy

Overview of Corporate Governance Policies and Practices

Definition

The definition of the Company's corporate governance is the relationship and regulatory measures that create value for a sustainable business. In addition, corporate governance policy includes the management system and internal control of the Company to achieve goals for the utmost benefits to the shareholders in the long term under the principles of the Securities and Exchange Commission Thailand (SEC) together with the principles of the Organization for Economic Co-Operation and Development (OECD) to be used as a guideline in establishing good corporate governance principles of the Company. This would create confidence to all related parties and be the basis of sustainable growth of the business with transparency, integrity, accountability and competitiveness. As for the practices that have not been adopted. The reasons have already been recorded as a resolution of the Board of Directors' meeting.

The principles of good corporate governance for the company have guidelines that have been divided into 5 sections as follows:

1. Rights of the Shareholders
2. Equitable Treatment of the Shareholders
3. Role of the Stakeholders
4. Disclosure and Transparency
5. The Board of Directors' Responsibilities consist of 8 principles:

| | |
|-------------|--|
| Principle 1 | Realize the role and responsibilities of the Board of Directors as an organizational leader that creates sustainable value for the business. |
| Principle 2 | Define the main objectives and goals that are sustainable. |
| Principle 3 | Strengthen the Board of Directors' effectiveness. |
| Principle 4 | Recruit and develop senior executives and administrative personnel. |
| Principle 5 | Promote innovation and responsible business operations. |
| Principle 6 | Ensure that there is an appropriate risk management system and internal control. |
| Principle 7 | Maintain financial reliability and disclosure of information. |
| Principle 8 | Encourage participation and communication with shareholders. |

Section 1 Rights of Shareholders

1. Fundamental right

The Company's Board of Directors has defined the good corporate governance policy with consideration to the shareholders' rights as stipulated by law which comprise the following:

- 1.1 The right to receive, transfer and fairness in the repurchase of shares by the Company and the right to receive sufficient information punctually via the communication channel provided by the Company to enable shareholders to consider the impact which may occur on themselves and the Company.
- 1.2 The right to attend the shareholders' meeting, express opinions, recommendations and jointly consider the Company's various agenda during the shareholders' meeting.
- 1.3 The right to elect and remove the Company's directors and approve the appointment of independent auditors.
- 1.4 The right of retail investors to elect directors
 - 1.4.1 Each shareholder is entitled to vote with one share being equal to one vote.
 - 1.4.2 Each shareholder appoints each director individually.
 - 1.4.3 The persons receiving the highest votes in descending order shall be the elected directors equal to the number of directors that the shareholders' meeting must elect at the time. In the event that the persons who have been elected in descending order have equal votes in excess of the number of directors that the shareholders' meeting must elect at the time, then the chairman of the meeting shall have a casting vote.
- 1.5 The right in the equal sharing of profits.

2. Entitlement to receive information and express opinions in the shareholders' meeting

- 2.1 With awareness of the Thai and foreigners' shareholders, the Company shall prepare the documents about the shareholders' meeting and memorandum in both the Thai and English languages.
- 2.2 The Company provides opportunities to shareholders to propose the agenda or submit questions for the shareholders' meeting in advance before the end of the fiscal year via the company's website at <https://www.pacificpipe.co.th/EN/investor.html> (Topic "Shareholder Information" >> "Shareholder's Meeting").
- 2.3 In the shareholders' meeting, the Company's directors and financial executives, including the independent auditors will attend the meeting. During the meeting, the chairman will provide an opportunity for all shareholders to have the equal right to express their opinions and ask questions with sufficient time and allow the relevant directors explain and/or provide various information in full to the shareholders and announce the voting results on the next business day through the website of the Stock Exchange of Thailand (SET) and the Company's website. In addition, the Company will arrange and disseminate the minutes within 14 days from date of the shareholders' meeting via the websites of the Stock Exchange of Thailand and company's website at <https://www.pacificpipe.co.th/EN/investor.html> (Topic "Shareholder Information").
- 2.4 All form of compensation of the Board of Directors will be approved by the shareholders annually. The Company will propose the criteria and methods in determining the compensation, as well as the comparative information of the Board of Directors compensation in the past year.
- 2.5 The election of directors will be conducted individually.
- 2.6 The Company specifies each agenda of the meeting clearly and there shall not be any additions made to the agenda without prior notification to the shareholders.

Section 2 Equitable Treatment of Shareholders

1. Attending the shareholders' meeting

- 1.1 The Company releases the documents, both in the Thai and English languages, for the meeting 30 days in advance on the Company's website at <https://www.pacificpipe.co.th/EN/investor.html> before the meeting date and sends the documents to the shareholders. The Company granted Thailand Securities Depository Co., Ltd., the share registrar of the Company, to send all the documents to the shareholders 30 days before the meeting date.
- 1.2 In arranging the shareholders' meeting, the Company took into account the convenience of the shareholders and institutional investors to attend the meeting; such as, the venue of the meeting and access to information through the Company's website.
The Company informed the details to the shareholders to bring all the necessary documents to the meeting to maintain the rights to attend the meeting according to the Company's regulations of the shareholders' meeting. The Company also attached a proxy for shareholders who would like to authorize another person or the Company's independent director to attend the meeting instead. Moreover, the shareholders could download the proxy via the Company's website at <https://www.pacificpipe.co.th/EN/investor.html>.
- 1.3 The Company provided shareholders with an opportunity to propose the name of a person for the position as the Company's director. For more information, the shareholders were able to visit the Company's website at <https://www.pacificpipe.co.th/EN/investor.html>.
- 1.4 In every shareholders' meeting, the Company would use technology for the registration and counting the votes and showing the results. The chairman would inform the shareholders of the voting method and the number of the quorum, in providing opportunities for shareholders to equally exercise their rights in enquiring, expressing their opinions, and offering various recommendations, including use a ballot paper and acknowledge the voting results on each agenda.
- 1.5 The Company provided shareholders with the right to attend the shareholders' meeting after it had already started and the right to vote in the agenda that was still pending and not yet voted.
- 1.6 In preparing the minutes of the shareholders' meeting, the following information must be recorded:
 - (1) The names of the directors and executives that attend the meeting and the proportion of directors who attend and do not attend the meeting.
 - (2) The method of voting and counting the votes, the resolutions and the results of the voting (approve, disapprove or abstained) of each agenda.
 - (3) The questions and answers at the meeting including the name-surname of the enquirer and respondent.

2. Conflicts of interest

The board of directors and the audit committee have put in place safeguards to protect internal information from being used for personal gain. In the event of transactions that may produce conflicts of interest, those transactions must be carefully considered, and ensure the disclosure of information about transactions with potential conflicts of interest to stakeholders after approving.

For details of measures related to conflicts of interest, the Company has published on the website www.pacificpipe.co.th under the topic of investor relations, corporate governance, good corporate governance policy, and business ethics and code of conduct manual.

Results of actions related to conflicts of interest are published under the topic of "Connected transactions"

3. Use of internal information supervision and guidelines

Internal information refers to information on operations of the Company's business management that is confidential and has not yet been made public. If such information is disclosed, there will be an impact on the Company or its subsidiaries (if any), particularly on the value of shares traded on the stock exchange. Employees must not disclose any internal information received from performing their duties to anyone and must not use such information for exploitation wrongfully or at the expense of the Company's benefits, especially regarding trading the Company's securities for personal or others' benefits, which is considered an offense according to Sections 241 and 242 of the Securities and Exchange Act B.E. 2535 amended by the Securities and Exchange Act (No.5) B.E. 2559

For the details of internal information supervision and guidelines, the Company has published on the website www.pacificpipe.co.th under the topic "Investor relations, corporate governance, good corporate governance policy, and business ethics and code of conduct manual".

Section 3 Role of Stakeholders

The Company's Board of Directors has realized the sustainable growth of the business that aims to grow with the expectation and the impact that may affect to all stakeholders in all sectors. Thus, the Board of Directors has ensured that the objectives, goals and the strategy of the business are consistent with the achievement of the Company's objectives and main organizational goals. The executive will report to the Board of Directors at least once a year on these matters:

- Activities that are performed for the stakeholders.
- Stakeholders' needs based on social and environmental responsibility.

3.1 Practices for customers

- 3.1.1 Deliver products that meet the quality standards under fair conditions and on the basis of fair compensation for both parties.
- 3.1.2 Company employees must be devoted, strive to develop quality products and services at a reasonable price and in time with the situation, fair terms and conditions without any restriction of consumers' fundamental rights.
- 3.1.3 Employees must comply with the contract or agreed conditions strictly. In the case that the employees are unable to comply with any part of the conditions, they must notify the partner and/or creditors in advance in order to jointly find search for solutions.
- 3.1.4 The employees Customers confidentiality must be seriously concealed with the exception whereby the customer agrees in writing or by the law to the disclosure. In addition, such information must not be used for personal and any other related party's benefit.

3.2 Practices with trade competitors

- 3.2.1 Operate within the framework of fair competition, do not manipulate deceptive information, or any other methods to discredit competitors.
- 3.2.2 Do not search for confidential information of trade competitors in an inappropriate and dishonest way, such as offering compensation to competitors' employees.
- 3.2.3 Do not defame the trade competitors with unreasonable accusations or without actual information.

3.3 Practices with trade partners

- 3.3.1 Procurement requires steps that must be verified to provide transparency and maximum benefit.
- 3.3.2 The Company must operate with trade partners with equality on the basis of fair competition.
- 3.3.3 The Company's employees must purchase and supply goods and services by taking into account the need for value, price and quality. Equal, accurate, unbiased, non-discriminatory information should be provided to trade partners, including purchasing and supplying that is concise and consistent with the situation.
- 3.3.4 The Company's employees must not to take advantage from purchasing supplies. Employees must be neutral, not close to the trade partner, as this may cause the trade partner to influence the decisions of the company's employees.
- 3.3.5 The employee shall strictly adhere to the contractual agreements. If either the Company or the trade partner fails to comply with the agreed terms and conditions, or any other reason that may render compliance with the contract impossible, the Company employee shall immediately report to his/her supervisor for advice.

3.4 Practices with shareholders

The Company is committed to creating sustainable business growth and ability to build competitiveness to generate value added to the shareholders in the long term by:

- 3.4.1 Having the dividend policy to pay the shareholders at the rate of no less than 40 percent of the net profit after deducting the reserves in accordance with the law for shareholders. At present, the Company has reserves of 10 percent of the Company's registered capital in accordance with the law. However, such dividend payment can be changed depending on the Company's performance, financial status and investment plan.
- 3.4.2 Shareholders and stakeholders can report or complain about any issue that may cause damage to the Company to the Board of Directors via various channels as follows:
 - (1) Investor Relations
Pacific Pipe Public Company Limited
1168/74, 26th Floor, Lumpini Tower, Rama IV Road, Bangkok 10120
Tel.: [662] 679-9000; Fax: [662] 679-9075, 76
Email: ir.dep@pacificpipe.co.th
 - (2) Chairman of the Audit Committee:
Dr. Vicharn Aramvareekul
Email : huang_vc@yahoo.com
 - (3) Chairman of the Remuneration Nomination and Corporate Governance Committee :
Mr. Kriengkrai Rukkulchon
Email : kriengkrairukk@gmail.com

Investor relations will compile the report or complaint by the shareholders and submit to the Remuneration Nomination and Corporate Governance Directors, who are responsible for investigating the issue and reporting it to the Board of Directors.

3.5 Practices with the creditors

The Company would comply with the terms of the loan agreement and provide accurate financial information including debt payments that are paid promptly on time every time and are strictly in accordance with the contract or the various terms agreed upon. In the case that the Company is unable to comply with any of the conditions, the Company shall inform the creditors in advance in order to jointly consider searching for a solution. In business negotiations, employees should refrain from claiming, receiving, or informing of any benefits that may cause any dishonest trade.

3.6 Environmental, community and social responsibilities

- 3.6.1 Support the preservation of the environment, education, religion, arts, culture and local customs and traditions where the company is located.
- 3.6.2 Conduct consistent activities to create a society, community, and environment, so that the community where the company is located have a better quality of life. These can be conducted by the Company and/or in cooperation with the government and community.
- 3.6.3 Prevent accidents and control the disposal of waste at an acceptable standard level.
- 3.6.4 The Company will cultivate awareness to employees regarding having responsibility for society, the environment and natural resources.
- 3.6.5 Encourage and promote the effective and efficient utilization of various materials, equipment and resources.

3.7 Respect for human rights and fair labor practices

- 3.7.1 Support will not be provided for the enforcement of labor or prison labor and the use of corporal punishment or threat of violence, or other forms of physical, sexual, psychological or verbal abuse.
- 3.7.2 Oppose and not use child labor by not hiring any person under 15 years of age regardless of the purpose, both permanent work or part-time work including paid or unpaid work.
- 3.7.3 For the employment of foreign workers, the Company must act legally in accordance with the labor law.
- 3.7.4 The Company will select persons to be hired for various positions with fairness by considering the qualifications of each position, education, experience and other requirements necessary for the work. The Company will treat its personnel equally without discrimination on gender, age, race, religion, educational background, or other status that is not directly related to their working performance.
- 3.7.5 The Company realizes the importance of the employees and acknowledges that the employees as valuable resources, which are the key of the Company's success. Thus, the Company provides importance and ensures employees have the work skills and stability by:
 - (1) Provide a fair and appropriate salary with the employees' duties and responsibilities. All employees at all levels will receive a performance evaluation using the Key Performance Indicators (KPIs) as a basis for remuneration in the form of annual salary promotion and bonus.
 - (2) Organize orientation and provide employee manuals to all new employees to acknowledge and understand the employees' rights and that they have been accepted under fair employment ethics.
 - (3) Focus on continuously developing and providing training and education to employees to increase their work potential to have efficiency, and promote employees have career advancement by being considered for the examination for promotion each year.
 - (4) Set up a provident fund for employees for supporting them in saving funds in the long term for themselves and their families when they resign, retire, become disabled or die. This includes promoting employees to have knowledge and understanding about money management.

3.7.6 The Company has established a Safety Committee to maintain the work environment to always be safe for the life and property of the employees.

3.7.7 The Company will maintain personal data of the employees; such as, biography, health record, resumes, etc. The disclosure or transfer of the employees' personal data to the public will be conducted once receiving the approval from the said employee. The violation of this regulation is a disciplinary offense with the exception it is done in accordance with the Company's regulations or the law.

The board has disclosed other additional policies under the Corporate Governance Policy. The full version is published on the website www.pacificpipe.co.th under the topic of "investor relations, corporate governance, good corporate governance policy, and business ethics and code of conduct Manual".

- Safety, occupational health, and work environment policy
- Use of information and communication technology policy
- Non-infringement of intellectual property policy

Policy and Practice for Directors

Section 4 Disclosure and Transparency

The roles and duties of the Board of Directors, Sub-Committees and Chief Executive Officer.

1. Duties of the Board of Directors

1.1 Authority of the Board of directors

- 1.1.1 Define the authority of the Chairman of the Board of Directors and Chief Executive Officer.
- 1.1.2 Establish the limitations of the financial authority of the Chief Executive Officer.
- 1.1.3 Appoint, dismiss and delegate duties to the sub-committees and Company's Secretary.
- 1.1.4 Consider the approval of investment projects, transactions of the acquisition and disposition of assets, connected transactions of the company and its subsidiaries (if any) with the exception that the transactions must receive the approval from the shareholders' meeting. In this regard, the consideration for the aforementioned approval must be conducted in accordance with the announcement of the Capital Market Supervisory Board and/or announcement of the regulations and/or related rules of the Stock Exchange of Thailand.
- 1.1.5 Approve the Board of Directors to have authority that is in part excessive on various issues; such as, receiving or canceling the credit limit, entering into transactions which are not usual business.
- 1.1.6 Expert consultation or the company's advisors (if any) or hire experts and external consultants if necessary.

1.2 Scope of the responsibilities

- 1.2.1 Perform the duties responsibly; be cautious and honest including must comply with the law, the company's objective, the company's regulations, as well as the resolutions of the shareholders' meeting with the exception of those transactions that must receive the approval of the shareholders before operation; such as, issues that the law require receiving a resolution from the shareholders' meeting, connected transactions, and acquisition and disposition of important assets in accordance with the regulations of the Stock Exchange of Thailand or as determined by other government agencies.

- 1.2.2 Consider the approval of the Company's business policy, goals, operational plan, business strategy and annual budget.
- 1.2.3 Consider and approve the appointment of persons that have the qualifications no prohibited qualities as specified in the Public Limited Companies Act B.E. 2535 (1992) and the laws on securities and stock exchange including regulatory announcements and/or rules related to persons who serve as directors in the case that the directorship is vacant due to reasons other than retirement by rotation.
- 1.2.4 Consider appointing independent directors by considering the qualifications and prohibited qualities of independent directors in accordance with the law on securities and stock exchange, announcement of the Capital Market Supervisory Board including regulatory announcements and/or the related rules of the Stock Exchange of Thailand, or as proposed to the shareholders' meeting for consideration as an independent director of the company.
- 1.2.5 Consider appointing a sub-committee to assist in the operations in accordance with the responsibility of the Company's Board of Directors.
- 1.2.6 Consider determining or amending the name of the authorized directors of the company.
- 1.2.7 Appoint other persons to conduct the company's business under the control of the Board of Directors or may appoint or authorize any individual to have the power and / or within the time as the Board of Directors deems appropriate. The Board of Directors may cancel, change or amend such power.
- 1.2.8 Consider approving the payment of the interim dividends to shareholders if the company has sufficient profit to do so and report the said dividend payment to the shareholders' meeting in the next shareholders' meeting.
- 1.2.9 Consider approving and reviewing the written policies, such as, the good corporate governance policy, code of conduct and business ethics, and handbook of the directors at least once a year.
- 1.2.10 Review and comment on the sufficiency of the company's internal control annually.
- 1.2.11 Establish a reliable financial report and audit system.

2. Duties of the Chairman

- 2.1 Be responsible as the Board of Director's leader to oversee, follow-up, and ensure that the duties of the Board of Directors are conducted efficiently to achieve the Company's objectives and main goals in accordance with the plan.
- 2.2 Ensure that all directors contribute to promoting the Company's ethical culture and good corporate governance.
- 2.3 Set the agenda of the Board of Directors' meeting by discussing with an independent director in the case the Chairman is not an independent director.
- 2.4 Be Chairman of the Board of Directors' meeting and the shareholders' meeting.
- 2.5 Allocate sufficient time for management to propose topics and for directors to debate important matters thoroughly and freely exercise opinions.
- 2.6 Be an intermediary for the Company and external organizations; such as, government agencies, funds, local organizations, and press when necessary. The Chief Executive Officer as the Company's key spokesperson.
- 2.7 Promote the good relationship between the executive and non-executive directors, and between the Board of Directors and management.

3. The Audit Committee

- 3.1 Review that the Company's financial reports are disclosed accurately and adequately by coordinating with auditor and management who is responsible for preparing both the quarterly and annual financial reports.
- 3.2 Review that the Company has established an appropriate and effective internal control system and internal audit system.
- 3.3 Consider approving the appointment, transfer, dismissal, and performance evaluation of the Deputy Director of the Internal Audit Department.
- 3.4 Consider the approval of the internal audit plan, budget and personnel of the Internal Audit Department.
- 3.5 Consider reviewing the independence and performance report of the Internal Audit Department.
- 3.6 Review that the Company has an appropriate and effective risk management system, including reviews the Company's internal procedure of receiving notifications of tracing and complaints that have independence and the appropriate action by taking into account confidentiality and measures to prevent informers.
- 3.7 Review that the Company has conducted business in compliance with the securities and exchange laws, the regulations of the Stock Exchange of Thailand, or any related laws of the Company's business.
- 3.8 Evaluate the Company's auditor in the following issues:
 - a. To consider the auditor's compensation based on creditability, resource adequacy, and workload of the audit firm, including the experience of the personnel who have been assigned to audit the Company.
 - b. To consider the independence of the auditor to select and propose to be appointed/dismissed as the Company's auditor.
- 3.9 Consider the disclosing of the Company's information in the case a connected transaction occurs or there is a conflict of interest in accordance with the relevant regulations.
- 3.10 Perform other tasks as assigned by the Company's Board of Directors and consented by the Audit Committee.
- 3.11 Prepare report on the activities of the Audit Committee by disclosing in the Company's annual report.
- 3.12 Report any issues deemed necessary to be disclosed to the shareholders and general investors under the scope of the duties and responsibilities assigned by the Board of Directors.
- 3.13 Conduct a performance evaluation of the Audit Committee by relevant persons at least once a year to improve the operations for the highest benefit to shareholders and organization.
- 3.14 Report the regular activities of the Audit Committee to the Board of Directors for their acknowledgement.
- 3.15 In conducting the duties of the Audit Committee, if any suspicious transaction or actions that might significantly affect the Company's financial status and operation results, the Audit Committee must report the issue to the Board of Directors in a period of time that is deemed appropriate to resolve it. The following list consists of the types of transactions and action that need to be reported:
 - a. Transactions with a conflict of interest;
 - b. Corruption, irregularities or defects in the internal control system;
 - c. Violation of the Securities and Exchange Law, the regulations of the Stock Exchange of Thailand, and any other laws related to the Company's business.

If the Audit Committee reports to the Board of Directors about issues that significantly affect the financial status and operation result, and has already discussed with the Board of Directors and executive about the solution in a consensual time that has already expired, but the Audit Committee ignores implementing the said solution without justification, the Audit Committee could report the issue to the Office of Security and Exchange Commission and/or the Stock and Exchange of Thailand.

- 3.16 Report the preliminary audit result to the audit office and auditor within 30 days from the date of notification from the auditor about suspicious action that the director, or individual responsible for such juristic person's operation that violates the Security and Exchange Act (4th edition) B.E. 2551 (2008).

4. The Remuneration of the Nomination and Corporate Governance Committee

4.1 Nomination

- 4.1.1 Consider the criteria and methods for nominating the Board of Directors.
- 4.1.2 Consider the structure, size and elements of the Board of Directors and sub-committees that would be appropriate for the Company's strategy and changing situation to propose to the Company's Board of Directors.
- 4.1.3 Nominate and propose qualified persons for the position of director to replace the director whose term has expired and propose to the Board of Directors' and shareholders' meeting for approval.
- 4.1.4 Nominate and propose qualified persons to the position of director to replace the director who resigns or vacates office before completing the term ends and propose to the Board of Directors' meeting for approval.
- 4.1.5 Nominate and propose qualified persons as members of the sub-committee and propose to the Board of Directors' meeting for approval.
- 4.1.6 The Remuneration Nomination and Corporate Governance Committee together with the Chief Executive Officer will consider the criteria and procedures for the nomination and appointment of persons in the position of the Chief Executive Officer and propose to the Board of Directors for approval.

4.2 Remuneration

- 4.2.1 To consider and determine the compensation for the Company's Board of Directors, the executive, and directors holding office in a sub-committee in various formats; for example, gratuities, meeting allowance, issuing of securities in accordance with the ESOP project, or other compensation to propose to the Board of Directors and/or the shareholder's meeting for approval. The consideration will consider based on:
- a. The appropriateness of the existing criteria compared with the overview of the industry, economic situation, inflation, company's performance and other factors.
 - b. Duties and responsibilities of directors who operate in each sub-committee.
 - c. Information of the compensation of other companies that are in the same industry and have a similar business size and performance.
- 4.2.2 Consider the adjustment of the monthly salary, the provision of benefits and annual bonus payment to the Chief Executive Officer to propose to the Board of Directors' meeting for consideration for approval.

4.3 Corporate Governance

- 4.3.1 Set the Company's Corporate Governance policy, Ethics and Code for Business Conduct and Corporate Social Responsibility policy and propose to the Board of Directors for approval.
- 4.3.2 Supervise the Company's operations in order to be in accordance with the principles of good corporate governance and the code of conduct of the Company's business operations.
- 4.3.3 Review the good corporate governance policy of the Company at least once a year by comparing to the international standard and best practices of the Stock Exchange of Thailand and propose to the Board of Director for consideration to be updated.
- 4.3.4 Review the Board of Directors' handbook and best practice of the Code of Conduct to propose to the Board of Directors at least once a year.

5. Executive and Risk Management Committee

5.1 Management

- 5.1.1 Establish the Company's policy, business direction, strategy, business operation, investment plan and annual budget to propose to the Board of Directors for consideration for approval.
- 5.1.2 Supervise the business operations of the Company to be in accordance with the policy, business direction and strategy including investment plan and budget that has received approval by the Board of Directors as well as report to the Board.
- 5.1.3 Alter and increase the annual expenditure budget in the case of an emergency, which would affect the usual business operation, and propose to the Board of Directors for ratification in the next meeting.
- 5.1.4 Approve the expense for purchasing raw materials for production or for products for selling for a normal business operation in the amount per transaction as assigned by the Board of Directors.
- 5.1.5 Approve the expense for investment in buildings, machinery, equipment, information system, or fixed assets that are related to normal business operations in the amount per transaction as assigned by the Board of Directors.
- 5.1.6 Consider the interim or annual dividends to propose to the Board of Directors for consideration for approval.
- 5.1.7 Consider the organizational structure and authority of the executive.

5.2 Risk Management

- 5.2.1 Set the risk management policy and propose to the Board of Directors for the approval.
- 5.2.2 Provide opinions on the evaluation results and method of the Company's risk management on each issue to comply with the policy. The strategy and method of risk management can be assessed, followed-up and prevent the risks at an appropriate level. There are guidelines that can be used when a situation arises.
- 5.2.3 Arrange a review of the Company's and the subsidiaries (if any)' risks regularly by covering various external and internal issues as follows:
 - (1) Risk strategy
 - (2) Operating risks and the regulatory risks
 - (3) Financial risks
- 5.2.4 Follow-up, oversee and review the risk management policy, including the strategy and conduct when risks occur at least once a year to ensure that the risk management strategy is effectively and appropriately implemented to a particular situation.
- 5.2.5 Provide advice and support to the Company's Executive Committee regarding corporate risk management, including the promotion and support to improvement of the Company's internal risk management system in continuously and regularly.
- 5.2.6 Communicate, exchange, and coordinate information about risk management and the internal control with the Company's Audit Committee.
- 5.2.7 Appoint a working group and/or Company Executive team to support the process and risk management activities, as appropriate and necessary.
- 5.2.8 Perform any tasks assigned by the Board of Directors.

6. Chief Executive Officer

- 6.1 Create and propose the Company's business policies, goals, operational plans, business strategies, and annual budget for approval from the Executive and Risk Management Committee and the Board of Directors, respectively.
- 6.2 Set business plans, the budget, and authorization to seek approval from the Executive and Risk Management Committee and the Board of Directors, respectively.
- 6.3 Have the authority to approve financial operations to purchase raw materials and asset procurement for the Company's financial expansion in accordance with the limitations based on the defined scope of authorization.
- 6.4 Set efficient organizational and administration structures to cover the Company's selection, training, employment and dismissal of employees.
- 6.5 Supervise and approve issues related to the Company's operations, and may appoint or authorize any individual or team to engage in any activity as it deems appropriate. The authorization can be canceled, changed or amended.
- 6.6 To perform any other tasks assigned by the Company's Board of Directors and Executive.

The delegation of authority and responsibilities will not have the authorization, or delegate authorization that would allow the person with power of attorney to approve any items or a person who has an interest, or conflict of interest with the Company and its subsidiaries (if any) (as defined in the Notification of the Securities and Exchange Commission). Approval of items in that manner must be proposed to the Board of Directors' and/or shareholders' meetings (depending on the case) for consideration of approval in accordance with the Company's and subsidiaries' regulations (if any), or relevant laws with the exception as a transaction with normal business conditions that has specified limits.

Section 5 Board of Directors' Responsibilities

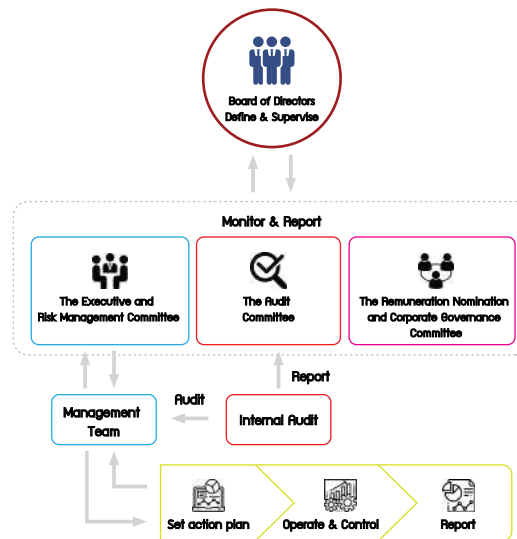
The Board of Directors performs its duties with responsibility in accordance with good corporate governance based on the principles of the Securities and Exchange Commission (SEC). There are 8 principles as follows:

Principle 1. Realize the Clear Role and Responsibilities of the Board in a Leadership Capacity That Create Sustainable Value for the Business

1. Set the charter of the Board of Directors, which defines its duties and responsibilities. This charter will state that the directors must administer the Company's operations in accordance with the law, regulations, the shareholders' meeting resolution, including the guidelines as well as approval processes of important operations in accordance with the set laws including the Board of Directors' authority in approving various issues of the Company.
2. Create and review the good corporate governance policy, business code of conduct, and directors' handbook at least once a year to be the rules and guidelines in the Company's operations and oversee all stakeholders.

Principle 2. Define the Objectives and Key Goals of Sustainable Business

The joint committee has set a vision, mission, direction, business goals and reviews such issues at least every 5 years. To set the strategy, the Board of Directors will consider all aspects including the economic situation and competition to analyze the environment, risk factors, and issues relating to society and the stakeholders. As a consequence, the Board of Directors will assign the Executive to produce an action plan to propose to the Board of Directors to ensure that the Company will achieve the specified goal, as well as report the results of the operation quarterly. In 2020, the Board of Directors' meeting no. 8/2020 considered and approved the Company's vision, business direction and 5-year strategy plan (2021 - 2025) by focusing on creating strength internally by developing employees and the process improvement, as well as increase the ability to compete in the long-term sustainably. As such, the Chief Executive Officer announced and communicated the target direction and strategy goal for all departments to acknowledge and assign to the action plan to support and achieve the goal, as well as required a quarterly report of the performance from the Executive and the Board of Directors.



Principle 3. Strengthening the Board of Directors Effectiveness

1. Composition of the Board of Directors
 - 1.1 The Board of Director consists of 7 directors, which are divided into 4 independent directors, 1 non-executive director and 2 executive directors.
 - 1.2 The composition of the Board consists of more than half of independent directors. In case, the Chairman is not an independent director, one independent director will be appointed to consider the agenda of the Board of Directors' meeting.
 - 1.3 The nomination and appointment of directors must be in accordance with the Company's regulations and relevant laws and must be transparent. The nomination of directors must have the consideration of the Remuneration Nomination and Corporate Governance Committee and proposed to the Board of Directors and/or shareholders' meeting for approval, as the case may be.
 - 1.4 The Company Secretary shall be appointed to assist the Company's Board of Directors in various activities and assist the Board and the Company to act in accordance with relevant laws and regulations.

2. Qualifications of Directors

- 2.1 A director must be a person with knowledge, ability, ethics who dedicates time, and attempts to perform his/her duties and be independent in making decisions.
- 2.2 Have the qualifications and is not legally prohibited by a public limited company and other related laws.
- 2.3 Limit the number of directorship positions in other companies to be no more than 5 companies.
- 2.4 Limit the number of directorship positions in other companies as C-Level Executives to be no more than 5 companies.
- 2.5 Can be independent in accordance with the regulations of the Securities and Exchange Commission and the Stock Exchange of Thailand.
- 2.6 The tenure of a director must comply with each Board of Director's charter in accordance with the Company's regulations Section no. 13, which states that in every Annual General Meeting, one - third of the directors must resign. If the number of directors cannot be divided into 3, the number of directors that is the closest to one-third must resign. The directors who must resign in the first and second year after the Company has been listed can be decided upon by drawing lots. For later years, directors who have held a position the longest must resign. Directors who have resigned can be reappointed into a position again.

3. Diversity of the Board of Director's Policy

The Company's Board of Directors is aware of the benefits of the diversity of the Board of Directors, and this is an important factor in enhancing the decision-making and working efficiency of the Board of Directors.

This diversity is not limited only to gender, but also to the age, education, professional experience, skills and knowledge. Therefore, in nominating and considering the appointment of the Company will be based on knowledge and ability by using the criteria in the selection, which takes into account diversity.

4. Establishment of Sub-committees

Apart from the Company's Board of Directors, there are 3 sub-committees comprising:

4.1 Audit Committee

The Audit Committee consists of 3 independent directors who are also members of the Company's Board of Directors. At least one member of the Audit Committee must have expertise in accounting/finance, and the Audit Committee must have the qualifications relating to being independent. The period of tenure is 3 years.

4.2 Remuneration Nomination and Corporate Governance Committee

The Remuneration Nomination and Corporate Governance Committee has 3 members consisting of 2 independent directors and 1 non-executive director. The period of tenure is 3 years.

4.3 Executive and Risk Management Committee

The Executive and Risk Management Committee has 5 members comprising 1 non-executive director, 4 executive directors. The period of tenure is 3 years.

5. Board of Directors' Meeting

In each year, the Board of Directors will arrange the schedule for the annual general meeting in advance with a minimum of at least 6 times. In each Board of Directors' meeting, the Company's Secretary will send an invitation letter and the related documents for the Board's meeting at least 7 days in advance. All directors can submit the meeting agenda, and if for any reason they are unable to attend the meeting, the Board of Directors will inform the Company at least 1-2 days in advance. There should be not less than 75% of the total number of directors attending the Board meetings held throughout the year. The Board meeting will provide sufficient time for discussing and expressing opinions, including allowing the senior executive explain information as the person involved directly with the problem. Voting in the meeting requires a minimum of a quorum of at least two-thirds of all directors when the Board has a resolution, as well as the minutes of the meeting must be written. In addition, the Board of Directors' meeting has set the policy to hold a meeting of non-executive directors at least once a year.

6. Board of Directors' Report

The Board of Directors is responsible for the financial statements of the Company. These financial statements are executed in accordance with the accepted accounting standards. The selected accounting policy shall be appropriate and consistent, as well as use careful discretion, including the best estimation for adequately disclosing important information in the financial statements. The Company's Board of Directors shall be responsible for the financial information appearing in the financial statements disclosed in the annual report, and the Audit Committee, consisting of independent directors, will be accountable for the quality of the financial statements and adequate systems of internal control and the Audit Committee's comments will appear in the Audit Committee's report in the annual report.

7. Orientation for New Directors

The Company will have the Secretary act as the coordinator of internal training for new directors; for example, handbook, anti-corruption policy, good corporate governance policy, and the code of business conduct including a plant visit, so to understand the characteristics of the business supply chain as well as the management structure.

8. Evaluation of the Board of Directors' Performance

The evaluation of the Board of Directors' performance is conducted, so the Board of Directors can perform their duties with the highest efficiency. This is also a framework for the review and improving the operational development of the Board of Directors and evaluating the individual performance, as well as that of the sub-committees by the Board of Directors.

The Remuneration Nomination and Corporate Governance Committee will propose the evaluation criteria to the first Board of Directors' meeting of every year in order to bring the evaluation results to be analyzed and share opinions on each issue. The results of the Board's evaluation will be used to determine the suitability of the Board's composition.

Principle 4. Nomination and Development of Senior and Personnel Executive

1. Nomination and Development of Senior and Personnel Executive

The Remuneration Nomination and Corporate Governance Committee in conjunction with the Chief Executive Officer set the criteria and procedures for the nomination of the Chief Executive Officer that would be proposed at the Board of Directors' meeting to be considered for other senior executive positions. The Executive and Risk Committee are responsible for setting the successor plan of senior executives and nominating qualified and capable persons in accordance with the set criteria, including having a performance evaluation.

For the personnel executive, the Administration Department has prepared a personnel management plan and rate plan to propose to the Company's Board of Directors as part of the analysis and consideration of the organization's strategy.

2. Evaluation and remuneration

The board of directors shall consider the methods for assessing the chief executive officer's performance, as well as the overall economic and social situation. The assessment results shall be used to consider the annual remuneration, taking into account the performance in accordance with the policies received from the board of directors and the general economic and social climate. The information will be used by the nomination, remuneration, and corporate governance committee to consider the chief executive officer's suitable salary and submit to the board of directors for consideration on a variety of issues, which are divided into 3 parts as follows:

1. Financial performance is based on operation profit margin and sales targets set for each year.
2. Performance results in sustainability dimensions, such as environment, society, and corporate governance. This will be based from employee satisfaction, customer satisfaction, complaints from external communities/society, reduction of greenhouse gas emissions, as well as business management in accordance with the principles of good corporate governance and the Company's business ethics.
3. Suggestions by the board of directors regarding the chief executive officer's management and development.

Part 3 is an assessment of the performance of the chief executive officer by independent directors and non-executive directors, who shall assess the performance individually with the results by each director are calculated as averages. The results will be summarized to the board of directors' meeting in every January, and the chairman of the board shall inform the results to the chief executive officer. In addition, key performance indicators (KPIs) are employed as tools for evaluating all positions in the company in order to be used as a basis for determining remuneration in the form of bonuses and adjust annual salary.

3. Succession Plan

The Board of Directors has established a succession plan for the executive directors and senior executives. Each year, the Company will have an action plan meeting, which allows for the exchange of systematic knowledge and experience, so that investors can be assured that the Company will have a continuous operation and succession of executives in each department.

4. Training and Knowledge Development

There is a compulsory training plan for all employees in accordance with the positions, including publicizing the training courses related to various positions. After completing the training, the Company will arrange to have skills testing in both theory and practice then report to the Executive.

Principle 5. Promotion of Innovation and Responsible Business Practices

The Board of Directors is aware of the importance of responsible business operations, which must originate from the cooperation in the performance of the duties through responsibility and awareness of the employees at all levels and in all departments. Therefore, it ensures that all employees of the Company have understanding of the policy and ethics, code of business conduct, anti-corruption policy, including be acknowledgeable about the channel for complaints, or inform the Company, which disseminates its communications, and has arranged for employees to undertake a test through the Intranet system and summarize the results to the Executive and Board of Directors.

Principle 6. Assurance of an Effective Risk Management and Internal Control System

The Company's internal control and internal audit are independent departments that examine every department's operation to be in accordance with the set rules, including evaluating the effectiveness and efficiency of each department's internal control. This assists the Administration Department to be confident that the current internal control is operating consistently and is appropriate. It also searches for weaknesses and develops current operating systems to have greater efficiency. The Internal Audit Department can fully inspect and counterbalance where necessary and report directly to the Audit Committee.

The Organization and the Environment

1. The Company has set clear business goals and measures to present to the Board of Directors to consider as guidelines for employees' practices.
2. The Company has arranged the code of business conduct for good practice for all employees to perform their duties without violating the Company's code of ethics.
3. The organizational structure, clear segregation of duties, and the set approval of authority in writing have been established to assist the operation to be conducted effectively and appropriately according to the business size and condition.
4. Define and provide the job description, which specifies the nature of the duties, level of knowledge, ability, and skills of the position for the selection of appropriate personnel.
5. Have human resources management with regards to the recruitment of appropriate personnel for a position, personnel development and training, promotion, salary promotion, and consider providing reasonable incentives or compensation to employees.

Control

1. Apply key performance indicators (KPIs) that are clearly defined as a tool for planning and controlling the operation's results.
2. For each type of transaction, appoint authorities to approve the financial amount in writing.

Follow-up and Evaluation

1. Prepare the report that compares the actual operation with the quarterly forecasts.
2. The Internal Audit Department proposes the audit report to the Board of Directors and the Executive.

The Company has the Internal Audit Department, which is directly operating under the Audit Committee that supervises the operation of the Audit Office to have independence and ethics. There are professional standards for internal auditing through the charter of the Audit Committee to set the scope of duties, authority and responsibilities, including clear guidelines for conducting the audit and review every year. Therefore, for the appointment, transfer, dismissal, and evaluation of the performance of the Executive of the Company's Internal Audit Department, the Audit Committee must give approval each time.

Board of Directors' Opinion on the Internal Control System

The Audit Committee and Board of Directors agree that the Company has an adequate and appropriate internal control system with the operation in the current situation. There is adequate personnel and follow-up and control of the operation to protect the Company's assets from being misused by the directors or executives, or no authority to access the internal control system. Thus, the Company has used the assessment form of the Securities and Exchange Commission to evaluate the adequacy of the Company's internal control system.

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Board of Directors' Opinion on the Internal Control System

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Risk Management

The Company's Board of Directors gives importance to risk management by providing systematic risk management methods for the whole organization that are consistent with international standards, including assigning the Executive and Risk Management Committee to consider offering suggestions and supporting the Risk Management Department to develop the organization's risk management system to have continuous efficiency, as well as support the cooperation at every level of the organization and to report the results on a quarterly basis.

In the operation of risk management, the Board of Directors must be aware of the importance in communicating to the employees at all levels to understand by establishing a risk management policy through the organization's Intranet each year. Following the announcement of the Company's strategy and the employees are aware, the risk owner has the duty of evaluating and preparing information about risk management to propose to the Risk Management Committee and the Board of Directors to consider.

Principle 7. Maintaining Financial Reliability and Information Disclosure

1. The Board of Directors is responsible for having a system for the company's financial reporting, financial disclosure that must be reviewed by a certified auditor and in accordance with financial reporting standards and related practices. This includes the disclosure of information annually on Form 56-1, management discussion and analysis (MD&A) and various important information that is accurate, sufficient and timely.
2. Disclose the financial report information by considering the evaluation results of the adequacy of the internal control system, the auditor's observations and opinions, Audit Committee's opinions including being compliant with the Company's objectives, goals and policy.
3. Ensure that the Executive reports on the Company's financial status and also regularly reports to the Board of Directors to know immediately or be aware of the signs that affect liquidity and ability to pay off any debts to resolve the problem and carefully conduct business and disclosure of information in accordance with the criteria of the related department.
4. Disclose non-financial information, which consists of various policies; for example, the corporate governance policy, code of business conduct, anti-corruption policy and complaints policy.
5. Report the responsibility of the Board of Directors for the financial report and disclose the performance of the Board of Directors and sub-committees.

6. Supervise the Investor Relations Department and assign the Executive to have a person to take responsibility as the Company's representative to communicate information to the investors, securities analysts, and related parties to acknowledge the Company's information equally and launch the channel for communications for the investors via the Company's website at <https://www.pacificpipe.co.th/EN/investor.html>.

Principle 8. Support Engagement and Communication with Shareholders

The Board of Directors supports the shareholders' participation in the rights of the minority shareholders to propose to the meeting's agenda in advance and nominate a person to be a director.

The company sets and discloses the guideline as follows:

Section 1 Rights of shareholders, fundamental rights and entitlement to receive information and express opinions in the shareholders' meeting. The details are disclosed in, "Corporate Governance > Policy and Practice for Directors".

Section 2 Equitable treatment of shareholders. The details are disclosed in, "Corporate Governance > Policy and Practice for Shareholders and Stakeholders".

Anti-corruption Policy

The Company aims to raise awareness of anti-corruption and bribery through internal communication within the company so that the Company's directors, executives, and employees understand and realize the importance of anti-corruption and bribery as well as related policies and practices.

The Company forbids all directors, executives, and employees of the Company and its subsidiaries (if any) to tolerate corruption. All forms of corruption which cause an abuse of power for direct or indirect benefit to oneself, family, friends, and acquaintances, whether in the form of a receiver or giver, monetary or non-monetary, to government agencies or private entities that the Company is conducting business or has a connection with, such as accepting gifts, receptions, donations/raised money, or any other benefits for oneself from an entity who conducts business with the Company. The anti-corruption policy will be strictly adhered to. In addition, the Company has a policy not to demote, punish, or cause negative consequences to employees who oppose the corruption, even if such actions will cause the Company to lose a business opportunity.

The Company has joined the Thailand's Private Sector Collective Action Coalition Against Corruption through the Thai Institute of Directors Association (IOD) since 2019.

For the Anti-Corruption Policy details, the Company has published on the website <https://www.pacificpipe.co.th> Topic: Corporate Governance and Anti-Corruption Policy.

The details about related operations are written in the "Report on Significant Operations on Corporate Governance" topic.

Business Ethics

The board of directors has realized and placed importance on encouraging employees at all levels in the corporation to adhere to the code of conduct and behavior standards that should be performed in business and operate under the framework of ethics, integrity and constructive integrity and equality, as well as realize the importance of transparency. They shall not take any action that is involved in corruption in all forms. The Company therefore has prepared a manual on morals and business ethics as a guideline for all directors, executives, employees, investors, and related stakeholders to follow the direction of business operations.

For details of the Business Ethics and Code of Conduct Manual, the Company has published on the website <https://www.pacificpipe.co.th> Topic: Corporate Governance, Business Ethics, and Code of Conduct Manual

Significant changes and developments in corporate governance policies, regulation, and systems in 2021

Members of the board of directors consider that it is appropriate to combine the Securities and Exchange Commission's (SEC) standards and best practices with the Organization for Economic Co-operation and Development (OECD)'s corporate governance code in order to adapt with the Company's business operations at least once a year to ensure efficiency and adhered to morals and ethics. This is to build trust for investors, stakeholders, board members, executives, and all employees.

In 2021, members of the board of directors have assigned the Company's nomination and remuneration committee and corporate governance to review policies, practices and corporate governance systems according to the practice of corporate governance code for listed companies in 2017. It was then reported to the board of directors at Meeting No. 3/2021, with details of the changes as follows:

Enhancing the board of directors effectively

Examine the charters of various committees, such as the board of directors, audit committee, nomination, remuneration, and corporate governance committee, risk management committee, and others. The charters of the these committees were found to be sufficient and consistent with the goals. As a result, no adjustments have been made to the Company's current operational strategy.

For details of the charters of the aforementioned committees, the Company has published on the website <https://www.pacificpipe.co.th> Topic: Corporate Governance and Committee Charters.

- The board of directors has determined the composition for the nomination of directors by taking board skills into consideration.

The details about related operations are written in the "Report on Significant Operations on Corporate Governance" topic

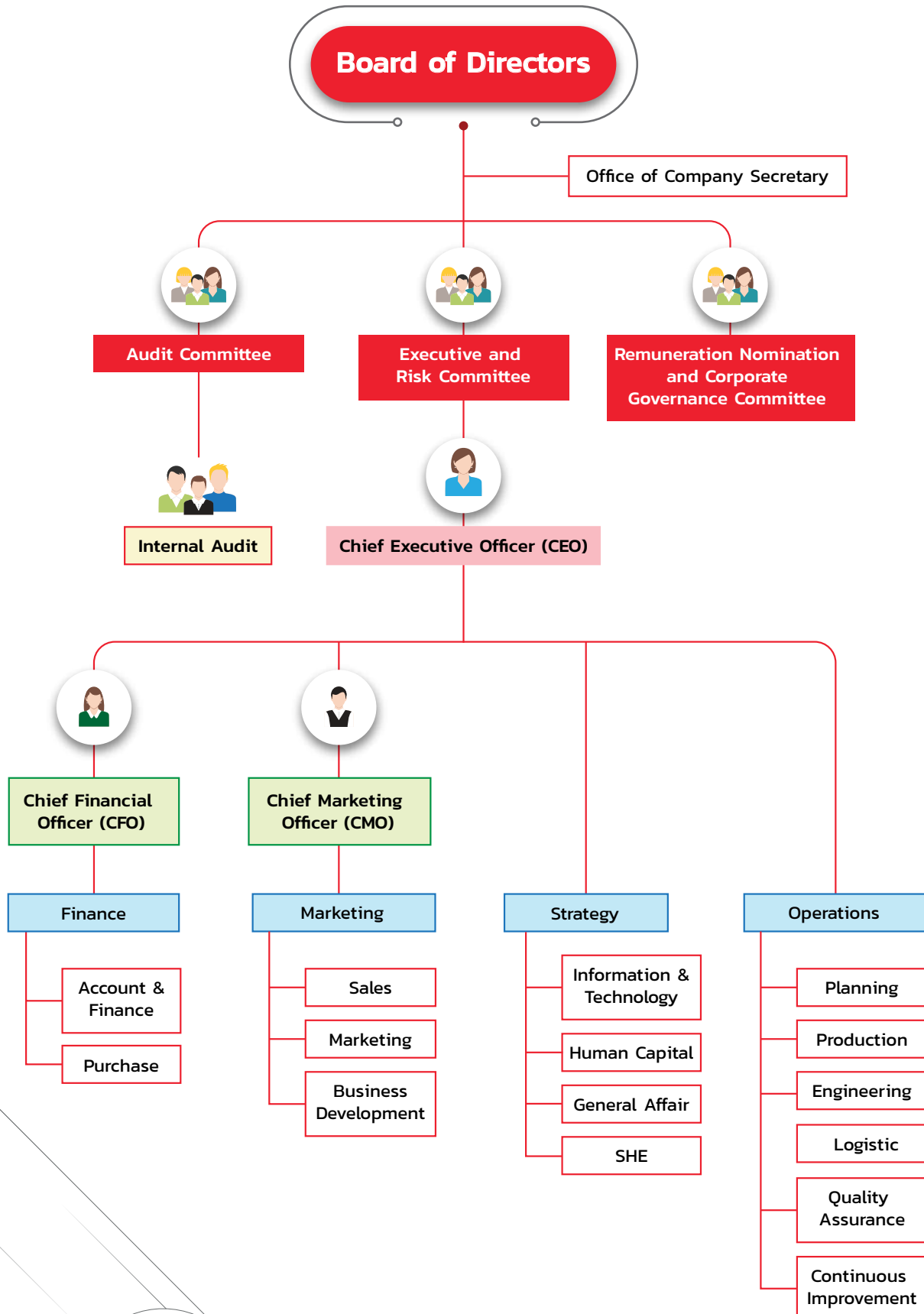
Explanations for some practices which were not adopted in 2021

| CRITERIA THAT HAVE NOT BEEN IMPLEMENTED | REASON / ALTERNATIVE MEASURE |
|--|---------------------------------------|
| <p>1. The Board of Directors should consider the Company's corporate governance policy for its subsidiaries, including:</p> <p>(1) The authority to appoint persons to be directors, executives, or others with controlling power in a subsidiary company, which will be specified in writing. In general, the Board of Directors should be the appointee with the exception that the subsidiary is small and is the "operating arms" of the business, the Board of Directors may assign this authority to the Chief Executive Officer to be the appointee.</p> <p>2) Set the duties and responsibilities of the persons who are representatives of the Company in accordance with Item (1), and representatives of the Company overseeing the operations in accordance with the subsidiaries' policies. In the case that the subsidiary company has investors, the Board of Directors should set the policy for the representative to perform his/her role in the subsidiary's best interest and be consistent with policy of the main company.</p> | <p>The company has no subsidiary.</p> |

| CRITERIA THAT HAVE NOT BEEN IMPLEMENTED | REASON / ALTERNATIVE MEASURE |
|---|---|
| <p>2. If participating in any investment of other significant businesses; such as, the proportion of shares with voting rights between 20% and 50%, and the investment amount or may require a significant additional investment, in the case that this is necessary, the Board of Directors should ensure that the shareholders' agreement or other agreements relating to authority are clarified. In the administration and participation in the decision-making of significant issues, the following-up of the operations that could be used as information for the preparation of the financial statement in accordance with the relevant standards and in time.</p> | <p>The company has no policy to invest in any other business.</p> |

MANAGEMENT STRUCTURE

ORGANIZATION CHART AS OF DECEMBER 31 , 2021.



SHAREHOLDING AND MANAGEMENT STRUCTURE

Shareholding Structure

Shareholders

List of 10 major shareholders as of December 30, 2021

| | Name of shareholders | No. of Share (share) | Percentage |
|----|-----------------------------------|----------------------|--------------|
| 1 | TANG MONG SENG HOLDING | 257,762,500 | 39.05 |
| | COMPANY LIMITED ^{/1} | 229,560,000 | 34.78 |
| | LEKAPOJPANICH GROUP ^{/2} | | |
| 2 | Ms. Siree Koowuttayakorn | 25,500,000 | 3.86 |
| 3 | Dr. Prasan Kemakongkanon | 16,050,000 | 2.43 |
| 4 | Thai NVDR Company Limited | 4,816,900 | 0.73 |
| 5 | Mrs. Piriyaorn Saehueng | 4,376,500 | 0.66 |
| 6 | Mr. Nantawat Sathirachaiyawit | 4,023,200 | 0.61 |
| 7 | Ms. Viriya Ampornnapakul | 3,400,000 | 0.52 |
| 8 | Mrs. Sutraporn Jittarasakul | 3,400,000 | 0.52 |
| 9 | Mr. Peter Eric Dennis | 3,310,600 | 0.50 |
| 10 | Ms. Sunisa Kwanbunbumphen | 3,227,100 | 0.49 |
| | Total | 555,426,800 | 84.15 |

Note: ^{/1} There are 14 shareholders in Tang Mong Seng Holding Company Limited, the details are shown in the Table1.

^{/2} The details of the shareholding of The Lekapojpanich Group are shown in the Table2.

(Table 1)**Shareholders of Tang Mong Seng Holding Company Limited**

| | Name of the shareholders | No. of Share Held (Share) | Per-centage |
|----|-----------------------------|---------------------------|---------------|
| 1 | Mr. Supanut Lekapojpanich | 25,000,000 | 3.79% |
| 2 | Ms. Nattaporn Lekapojpanich | 25,000,000 | 3.79% |
| 3 | Ms. Nalin Lekapojpanich | 24,250,000 | 3.67% |
| 4 | Mr. Kanin Lekapojpanich | 24,250,000 | 3.67% |
| 5 | Mrs. Sasidhon Lekapojpanich | 19,500,000 | 2.95% |
| 6 | Ms. Wareeya Lekapojpanich | 19,000,000 | 2.88% |
| 7 | Ms. Wanalee Lekapojpanich | 19,000,000 | 2.88% |
| 8 | Ms. Waranya Lekapojpanich | 19,000,000 | 2.88% |
| 9 | Mrs. Sukanya Lekapojpanich | 17,822,500 | 2.70% |
| 10 | Mrs. Sumalee Lekapojpanich | 17,812,500 | 2.70% |
| 11 | Mr. Somchai Lekapojpanich | 10,187,500 | 1.54% |
| 12 | Mr. Vichai Lekapojpanich | 8,737,500 | 1.32% |
| 13 | Mr. Prayoon Lekapojpanich | - | 0.00% |
| 14 | Mrs. Pranee Koowuttayakorn | - | 0.00% |
| | SCU | 229,560,000 | 34.78% |

(Table 2)**Shareholdings of the Lekapojpanich Group.**

| | Name of the shareholders | No. of Share Held (Share) | Per-centage |
|----|-----------------------------|---------------------------|---------------|
| 1 | Mr. Supanut Lekapojpanich | 25,000,000 | 3.79% |
| 2 | Ms. Nattaporn Lekapojpanich | 25,000,000 | 3.79% |
| 3 | Ms. Nalin Lekapojpanich | 24,250,000 | 3.67% |
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| 7 | Ms. Wanalee Lekapojpanich | 19,000,000 | 2.88% |
| 8 | Ms. Waranya Lekapojpanich | 19,000,000 | 2.88% |
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| 12 | Mr. Vichai Lekapojpanich | 8,737,500 | 1.32% |
| | SCU | 229,560,000 | 34.78% |

Note : The names no. 1 – 12 are the same persons appearing in Table 2 (The Lekapojpanich Group).

Dividend Payment Policy

The Company is committed to creating sustainable business growth and build competitiveness to increase the value to the shareholders in the long term. The Company has established a policy to pay the dividend at a rate of no less than 40 percent of the net profit after income tax and after the deduction of the reserves in accordance with the law. Nonetheless, such dividend payment can be changed depending on the Company's operational performance, financial status and investment plan.

In 2021, the Company paid the dividend payment from the operational performance of the year 2020, which was in accordance with the resolution of the Annual General Meeting of the Shareholders 2021 of Pacific Pipe Public Company Limited on April 22, 2021. The resolution approved the dividend payment from the net profit of the separate financial statement of the Company's operational performance for the year 2020 at a rate of 0.18 Baht per share or 58.06% of the net profit.

Dividend payments for the last 5 years are as follows.

| | 2016 | 2017 | 2018 | 2019 | 2020 |
|--|------------|------------|------------|------------|------------|
| EARNINGS (LOSS) PER SHARE (BAHE/SHARE) | 0.78 | 0.49 | 0.12 | 0.52 | 0.31 |
| DIVIDEND PER SHARES (BAHE/SHARE) | 0.99 | 0.39 | 0.05 | 0.27 | 0.18 |
| DIVIDEND PAYOUT RATIO (%) | 126.92 | 79.60 | 41.67 | 51.92 | 58.06 |
| DIVIDEND PAYMENT DATE | 12/05/2560 | 16/05/2561 | 16/05/2562 | 15/05/2563 | 12/05/2564 |

Structure of the company's executive

Pacific Pipe Public Company Limited is comprised of the following committees:

1. Board of Directors
2. Audit Committee
3. Remuneration Nomination and Corporate Governance Committee
4. Executive and Risk Management Committee

The Board of Director

The board of director consists of 7 directors divided into 4 independent directors, 2 executive directors and 1 non-executive director. Chairman is independent director, namely;

| Name | Independent Director | Non-Executive Director | Executive Director | Board of Director | Sub-Committee | | | ETC. |
|-------------------------------|----------------------|------------------------|--------------------|-------------------|---------------|-----|-----|---------------------------|
| | | | | | AC | RNC | ERC | |
| 1 Mr. Kriengkrai Rukkulchon | ○ | | | ★ | | ★ | | |
| 2 Dr. Vicharn Aramvareekul | ○ | | | ☆ | ★ | | | |
| 3 Ms. Piyanus Chaikajornwat | ○ | | | ○ | ○ | ○ | | |
| 4 Mrs. Udomwara Dechsongjarus | ○ | | | ○ | ○ | | | |
| 5 Mr. Somchai Lekapojpanich | | ○ | | ○ | | ○ | ★ | |
| 6 Mrs. Aeimporn Punyasai | | | ○ | ○ | | | ○ | - Chief Executive Officer |
| 7 Ms. Thitima Vatanasakdakul | | | ○ | ○ | | | ○ | - Chief Financial Officer |
| 8 Ms. Viriya Ampornnapakul | | | | | | | ○ | - Company Secretary |
| 9 Mr. Thitakorn Ussayaporn | | | | | | | ○ | - Chief Marketing Officer |

Note :

- Director No. 5, 6 and 7 are authorized directors which is required to jointly sign and affix the Company's seal.
- AC: Audit Committee
- RNC: Remuneration Nomination and Corporate Governance Committee
- ERC: Executive and Risk Management Committee
- ★ : Chairman / ☆ : Vice Chairman

Duties and Responsibilities of the Board of Directors

The Board of Directors has the authority and duties to administer the company in accordance with the laws, objectives, and articles of Association and resolutions of the shareholders' meeting with the exception of issues that require the approval of the shareholders' meeting before proceeding; such as, legal matters that must have a resolution of the shareholders' meeting, related party transactions, and the acquisition or sale of major assets in accordance with the Stock Exchange of Thailand's regulations, or those stipulated by other government agencies. The details are disclosed in, "Corporate Governance > Policy and Practice for Directors".

Audit Committee

The Audit Committee consists of 3 independent directors, who hold a 3-year term as from March 3, 2019 to March 3, 2022 namely:

| | | |
|------------------|---------------|----------|
| 1. Dr. Vicharn | Aramvareekul | Chairman |
| 2. Ms. Piyanus | Chaikajornwat | Member |
| 3. Mrs. Udomwara | Dechsongjarus | Member |

Nos. 1 and 3 of the Audit Committee have experience and sufficient knowledge to be able to review the reliability of the financial statements. The scope of the authority of the Audit Committee is stated in "Corporate Governance > Policy and Practice for Directors".

The Audit Committee appointed Mr. Naritchai Bhurepongsonond as the Secretary of the Committee.

Remuneration Nomination and Corporate Governance Committee

The Remuneration Nomination and Corporate Governance Committee comprises 2 independent directors and 1 non-executive director, who hold a 3-year term as from February 4, 2021 to February 3, 2024 namely

| | | |
|-------------------|---------------|----------|
| 1. Mr. Kriengkrai | Rukkulchon | Chairman |
| 2. Ms. Piyanus | Chaikajornwat | Member |
| 3. Mr. Somchai | Lekjopjanich | Member |

The scope of the authority of the Remuneration Nomination and Corporate Governance Committee is stated in "Corporate Governance > Policy and Practice for Directors".

The Remuneration Nomination and Corporate Governance Committee appointed Ms. Viriya Ampornnapakul as the secretary of the Committee.

Executive and Risk Management Committee

The Executive and Risk Management Committee consists of 1 non-executive director, 4 executive directors who hold a 3- year term as from February 19, 2021 February 18, 2024 namely;

| | | |
|------------------|----------------|----------|
| 1. Mr.Somchai | Lekjopjanich | Chairman |
| 2. Mrs. Aeimporn | Punyasai | Member |
| 3. Ms.Viriya | Ampornnapakul | Member |
| 4. Ms.Thitima | Vatanasakdakul | Member |
| 5. Mr. Thitakorn | Ussayaporn | Member |

The scope of the authority of the Executive and Risk Management Committee is stated in "Corporate Governance > Policy and Practice for Directors".

The Executive and Risk Management Committee appointed Ms. Khanatsawan Phoowattanadilokkoon as the Secretary of the Committee.

Executive

As of December 31, 2021, the executive comprised 7 persons as follows:

| | | |
|------------------|----------------|--|
| 1. Mrs. Aeimporn | Punyasai | Chief Executive Officer |
| 2. Ms. Thitima | Vatanasakdakul | Chief Financial Officer |
| 3. Mr. Thitakorn | Ussayaporn | Chief Marketing Officer |
| 4. Ms. Viriya | Ampornnapakul | Company secretary |
| 5. Mr. Supat | Borsombat | Sale Director |
| 6. Mr. Nara | Srisuwan | Marketing Director |
| 7. Mr. Pert | Leevilaikulrat | Deputy Director of Account and Finance |

Remuneration for Executive

1. Monetary Remuneration

In 2021, the Company paid remuneration of the total amount of 26,281,340.00 Baht to 7 executives in the form of salary and bonus.

2. Other remuneration

The company established a provident fund for the Executives, and the Company paid a rate of 5% of the salary. In 2021, the Company paid a total of 929,507.00 Baht for the Executives.

Employee

As of December 31, 2021, total number of employees in the Company divided by section (Excluding executives) was as follows:

| Division | Quantity (person) | Employee members in provident fund (person) | The proportion of employee members in PVD / Total employees (%) |
|------------------------------------|-------------------|---|---|
| 1. Office of the Board of Director | 9 | 8 | 0.93 |
| 2. Finance | 54 | 33 | 3.86 |
| 3. Strategy | 65 | 28 | 3.27 |
| 4. Operations | 659 | 208 | 24.30 |
| 5. Marketing | 69 | 28 | 3.27 |
| Total | 856 | 305 | 35.63 |

Remuneration of employees (Excluding Executives)

The remuneration for employees consists of salary, bonus and provident fund. In 2021, the Company paid a total of 31,889,937.56 Baht in remuneration to the employees in the form of Salary, bonus and provident fund

Other Important Information

Company Secretary

The Board of Directors made a resolution to appoint Ms. Viriya Ampornnapakul as the Company Secretary to perform the duties of supporting the work of the Board of Directors in matters relating to the various regulations. Her profile is disclosed in, "Corporate Governance > Board of Directors and the Executive". The specific responsibilities of the Company Secretary are as follows:

1. Provide basic advice on the Company's various laws, rules and regulations that the Board of Directors must know and monitor for compliance with accuracy and consistency, including reporting significant changes in legal requirements to the Board.
2. Organise the meetings of the shareholders and the Board of Directors in accordance with the law, the company's regulations and code of conduct.
3. Record the minutes of the meetings of the shareholders and Board of Directors, including monitoring the compliance of the resolutions of the meetings of the shareholders and Board of Directors are practiced.
4. Prepare the Company's Annual Report, notice of the shareholders' meeting and the Board of Directors' meeting and the minutes of the meeting.
5. Ensure the disclosure of the Company's information and reports are in accordance with the relevant laws and regulations.
6. Contact, communicate and inform the shareholders about their rights.

Head of the Internal Audit Department

The Company has nominated and appointed Mr. Naritchai Bhureongsanond as the head of the Company's Internal Audit Department since April 1, 2004, considering his knowledge, ability and more than 17 years of experience of internal auditing in the industry. The details of the Head of Internal Audit are stated as follows:

Mr. Naritchai Bhureongsanond (Age 49)

Position

- Deputy Director of the Internal Audit Department

Education

- Bachelor of Accountancy, Rajamangala University of Technology Thanyaburi

Training

- Certificate Program for Internal Auditors of Thailand Class 12, The Institute of Internal Auditors of Thailand.
- Internal Audit Program: Preparation Course as an Internationally Certified Internal Auditor, Class 5, Chulalongkorn University.
- Papermaking for Measures against Corruption in the Organization #1/18, CAC
- Preparation for Directors and Senior Executive in Personal Data Protection, SEC

Work Experience

| | |
|-------------------|--|
| 2016 – Present | Deputy Director of the Internal Audit Department , Pacific Pipe Public Company Limited |
| 2004 – 2016 | Internal Audit Manager, Pacific Pipe Public Company Limited |
| 1997 – March 2004 | Internal Audit Supervisor, IRPC Public Company Limited |

For the appointment, transferring, dismissal and performance evaluation of the Executive of the Internal Audit Department, the Audit Committee must consider and approve each time.

Remuneration of the Auditor

In 2021, the Company paid remuneration for the audit to EY Office Company Limited and person or businesses related to the auditor and affiliated organization as follows.

1. Remuneration for the audit

In 2021, the company paid a total of 1,540,000 baht for the audit fee.

2. Other Compensation

- None -

Nevertheless, the audit company and the auditor had no relationship or any conflict of interest with the Company, Executives, major shareholders or any related parties.

Report on Significant Operations on Corporate Governance

The Nomination and Appointment of Directors and Executives

The nomination, remuneration, and corporate governance committee shall consider the nomination of people from the composition of board skills, both in terms of knowledge, talents, and experience which are appropriate, sufficient, and beneficial to the Company. Moreover, candidates should have work history and good ethics. Additionally, candidates' directorship in other companies will also be considered whether they are in line with the Company's corporate governance policy and the possible impact in the event of directors holding positions in several other companies, as they have to be able to devote their time to working as the developer of the Company.

The committee will recruit qualified people as mentioned above to be nominated in the next board of directors and shareholders' meeting.

In the event that the committee has nominated a former director, their past performance as director shall be taken into consideration.

For the nomination of top executives, the committee, together with the chief executive officer, shall determine the methods and propose to the board of directors' meeting for consideration.

Retail investors' rights to appoint board directors

1. Each shareholder has one vote per share.
2. Allow shareholders to vote for the appointment of directors individually.
3. Candidates who received the most votes in the election are appointed as directors in the same number as the number of directors that must be appointed in that shareholders' meeting. In the event that runner-up candidates have equal number of votes but there is no vacant director position left, the chairman of the meeting shall elect a person to have a casting vote at the shareholders' meeting.

Nomination of independent directors

There will be additional consideration in the selection of independent directors from the selection of directors and executives, which the Company defines as directors who do not serve as executives and being independent directors in accordance with the Securities and Exchange Commission.

1. Holding not more than 1 percent of the total number of shares with voting rights of the Company, subsidiary company, associated company, or any juristic person who may have a conflict of interest. These include shares held by related persons of that independent director.
2. Cannot be or have been involved with the management, employees, staff, or advisor who has received a monthly salary or a controlling person of the company, a subsidiary company, a associated company, a subsidiary company of the same level, a major shareholder, or any juristic person who may have a conflict of interest with the exception of is free from the above-mentioned features no less than 2 years prior to his/her appointment as an Independent Director.
3. Is an independent director who has no blood relationship or legal registration in the form as father, mother, spouse, sibling, child including spouse of the child of an Executive, major shareholder, controlling authority, or an individual who will be nominated as an Executive or controlling authority over the company and a subsidiary company.
4. Is an Independent Director who has no or ever had a business relationship with the Company, a subsidiary company, an associated company, or any juristic person who may have a conflict of interest in such a manner that may obstruct their exercise of independent judgment. This includes not being or has been a major shareholder or a director who is not independent, or an executive of a party with a business relationship with the Company, a subsidiary company, associated company, or any juristic person who may have a conflict of interest with the exception of is free from the above-mentioned features no less than 2 years prior to his/her appointment as an Independent Director.

Business relationships include allowing conventional business transactions to conduct business, rent, or lease of property. It is a transaction involving assets or services, or a provision, or obtaining financial assistance by accepting or lending, a guarantee, use of assets as collateral against debt, including other similar situations, which has resulted in the Company or the party to the contract having a debt to be repaid to another party for the amount of 3% of the net tangible assets (NTA) of the Company or from 20 million Baht, whichever is lower. As such, the calculation of the debt obligations shall be in accordance with the method of calculating the value of the connected transaction value as per the announcement of the Stock Exchange of Thailand (SET). The disclosure of information and the practices of the listed companies in the connected transaction. It is mutatis mutandis, but consideration is given to the debt obligations that shall be inclusive of any debts incurred 1 year before the date of the business relationship with the same party.

5. Cannot or have been an auditor of the Company, a subsidiary company, associated company, or any juristic person who may have a conflict of interest and a major shareholder, a director who is not independent, an executive, or a managing partner of an auditing office that acts as the auditors of the Company, a subsidiary company, associated company, or any juristic person who may have a conflict of interest with the exception of is free from the above-mentioned features no less than 2 years prior to his/her appointment as an Independent Director.
6. Is not or has been a person rendering any professional service including providing legal or financial advice who is paid more than 2 million Baht per year by the Company, a subsidiary company, associated company, or any juristic person who may have a conflict of interest. In the case that a person has rendered any professional service as a juristic person including being a major shareholder, a director who is not independent, an executive, or a managing partner of a party that provides professional service with the exception of is free from the above-mentioned features no less than 2 years prior to his/her appointment as an Independent Director.

7. Is a director who has not been appointed to be a nominee of a director of the Company, a major shareholder or a shareholder who is connected to a major shareholder.
8. Does not engage in a business of the same nature as and is a significant competitor of the Company, or a subsidiary company, or is not a significant partner of a partnership, or a director with involvement in the management, employees, staff, advisor with a monthly salary, or who holds more than 1% of the total number of shares with voting rights of another company, which is engaged in a business of the same nature as and which is a significant competitor of the Company or a subsidiary company.
9. Does not have any other characteristic which prevents him/her from providing an independent opinion relating to Company's operations. Following appointment as an independent director as stated in Items no. 1-8 of, they may be assigned by the Board of Directors to make collective decisions involving the business of the Company, a subsidiary company, associated company, a subsidiary company of the same level, or any juristic person who may have a conflict of interest by making collective decisions.

For the 2021 Annual General Meeting of Shareholders, the Company gives the shareholders the right to nominate a person who is qualified to be appointed as a director of the Company between 1 November 2020 – 31 December 2020. This is also published through the SET website / Company website.

However, no shareholder has nominated a person to be elected as a director in advance.

Director's Development

Board skills were considered and formulated by the board of directors in 2021 as a clear guideline in selecting directors with adequate qualifications. It is a guideline for knowledge and competence development that is appropriate and consistent with business activities that are required in the board of directors. The guideline is separated into 11 topics as follows:

Industry knowledge and experience

- Steel industry

Specialized knowledge and experience

- Accounting and finance
- Economics
- Human resources management
- Real estate, construction, marketing, transportation, and distribution
- Research and development
- Social and environment
- Legal
- Innovation and technology
- Information technology & cyber security

Supervisory skills

- Risk management and crisis management

Directors and Executives' training

The Company has a policy to promote and support senior directors and managers to attend related training courses in order to develop their knowledge, capabilities to support their work duties. Moreover, this policy is designed to help them apply experiences and skills in business operations and develop the corporation for sustainable growth.

Trainings or Seminars Supporting the Duties of the Directors in 2021

| No. | Subject | Institute / Organization | Mr. Kriengkrai | Mrs. Aeimporn | Ms. Viriya | Mr. Thitakorn |
|-----|--|-----------------------------|----------------|---------------|------------|---------------|
| 1 | ROLE OF THE CHAIRMAN PROGRAM (RCP 47/2021) | Thai Institute of Directors | / | | | |
| 2 | COMPANY REPORTING PROGRAM (CRP) §u 29/2021 | Thai Institute of Directors | | | / | |
| 3 | COMPANY SECRETARY PROGRAM (CSP) §u 12/021 | Thai Institute of Directors | | | / | |
| 4 | RISK MANAGEMENT PROGRAM FOR CORPORATE LEADERS (RCL ONLINE) | Thai Institute of Directors | | | | / |
| 5 | DIRECTOR LEADERSHIP CERTIFICATION PROGRAM (DLCP ONLINE) | Thai Institute of Directors | | / | | |
| 6 | Ethical Leadership Program (ELP 23/2021) | Thai Institute of Directors | / | | | |

Trainings or Seminars for Executives in 2021

| No. | Subject | Institute / Organization | Mrs. Aeimporn | Ms. Viriya | Mr. Thitakorn | Ms. Thitima | Mr. Supat | Mr. Nara | Mr. Pert |
|-----|---|--|---------------|------------|---------------|-------------|-----------|----------|----------|
| 1 | HR for Non HR | iPlus Learning & Consultative Co., Ltd. | / | / | / | | / | / | |
| 2 | The Safety officer in management level | SRD Consultant Co.,Ltd | / | | | | | | |
| 3 | Safety Committee | SRD Consultant Co.,Ltd | / | | | | | | |
| 4 | Personal Data Protection Act (PDPA) | Digital Business Consult Co., Ltd. | | | / | | / | / | / |
| 5 | Agility in Practice | SEAC | | | | | | / | |
| 6 | Summary TFRS for PAEs Need to Know and Changes in 2021 | The Stock Exchange of Thailand | | | | | | | / |
| 7 | E-Learning CFO's Orientation for New IPOs K15 | The Stock Exchange of Thailand | | | / | | | | |
| 8 | EEP No.7 Executive energy program | Ministry of Energy | / | | | | | | |
| 9 | Public Private Chief Innovation Leadership : PPCIL | National Innovation Agency (Public Organization) | / | | | | | | |
| 10 | Corporate Sustainability Strategy for industry | The Stock Exchange of Thailand | | | | | | / | / |
| 11 | Risk Management from COVID-19 Epidemic | Thai Listed Companies Association (TLCA) | / | | | | | | |
| 12 | The adjustment of the Thai industrial sector in the era Energy Transition to Sustainability | Ministry of Energy | / | | | | | | |
| 13 | Succession Planning (Online - 4 Days) | The Federation of Thai Industries. | / | | | | | | |
| 14 | COSO ERM 2017 (Basic) | Federation of Accounting Professions of Thailand | | | | | | | / |
| 15 | COSO ERM 2017 (Advance) | Federation of Accounting Professions of Thailand | | | | | | | / |
| 16 | Discovering Your Identity for Self and Organization Development | White Rabbit Management Co., Ltd. | | | | | | / | |
| 17 | Th.HRBP Is On#15 | The Proposal By T Co., Ltd. | ◆ | | ◆ | | | / | / |

Trainings or Seminars for Executives in 2021

| No. | Subject | Institute / Organization | Mrs. Aeimporn | Ms. Viriya | Mr. Thitakorn | Ms. Thitima | Mr. Supat | Mr. Nara | Mr. Pert |
|-----|--|--|---------------|------------|---------------|-------------|-----------|----------|----------|
| 18 | Th.HRBP Is On#15 | The Proposal By T Co., Ltd. | ♦ | | ♦ | | / | ♦ | / |
| 19 | Leadership Development Program (LDP) | The Proposal By T Co., Ltd. | / | / | / | / | / | | |
| 20 | Executive Leadership Development Program (ELDP) | Thai Listed Companies Association (TLCA) | | | | / | | | |
| 21 | TLCA CFO CPD No. 8/2021 "The modern CFO : Driving Digital Transformation of the Finance and Accounting" | Thai Listed Companies Association (TLCA) | | | | / | | | |
| 22 | TLCA CFO CPD No. 9/2021 "Financial Planning and Analysis Transformation" | Thai Listed Companies Association (TLCA) | | | | / | | | |

The Performance Evaluation Procedures of the Board of Directors and the Chief Executive Officer

The results of the evaluations of 2021 are as follows:

All 25 items of the Board of Directors' performance evaluation covered the director's preparedness, strategy and business planning, risk management and internal control, controlling and preventing conflict of interest, and following-up the financial reports and operations. The assessment result was 98.29%.

All 18 items of the individual director's evaluation covered the director's qualifications, Board meetings, performing the director's duty, and good corporate governance. The assessment result was 99.21%.

Every sub-committee received a performance evaluation as well, but this was conducted by the Board of Directors. In particular, the sub-committee brought the evaluation results to be proposed to the Board of Directors to suggest solutions to improve various issues from the Board's performance evaluation that was similar to a tool to help improve the operations.

Performance appraisal of the Chief Executive Officer

The main topics of the appraisal are divided into 3 parts as detailed below:

- Part 1** Financial performance, which is considered from the Operation Profit Margin and sales targets as set in each year.
- Part 2** Sustainability performance such as environment, society, and corporate governance based on employee satisfaction, customer satisfaction, complaints from external communities and society, reduction of greenhouse gas emissions, as well as business conducts which are in line with the corporate governance code and the Company's business ethics.
- Part 3** Suggestions of board of directors about the chief executive officer's administration and development is a review of the chief executive officer's performance. Independent and non-executive directors will evaluate the chief executive officer's performance individually, and the findings of each director's evaluation will be averaged as well as summarized at the board of directors' meeting.

Meeting of the Board of Directors and Subcommittees

The Meeting attendances of the directors in 2021 are shown below:

| Director | Attendance / Total No. of Meeting | | | | |
|---|-----------------------------------|---------------------------|--|--|---------------------------------------|
| | Board of Directors (7 times) | Audit Committee (7 times) | Remuneration Nomination & Corporate Governance Committee (5 times) | Executive and Risk Management Committee (12 times) | Meeting of the Shareholders (1 times) |
| 1. Mr. Kriengkrai Rukkulchon | 7/7 | | 5/5 | | 1/1 |
| 2. Dr. Vicharn Aramvareekul | 7/7 | 7/7 | | | 1/1 |
| 3. Ms. Piyanus Chaikajornwat | 7/7 | 7/7 | 5/5 | | 1/1 |
| 4. Mrs. Udomwara Dechsongjarus | 7/7 | 7/7 | | | 1/1 |
| 5. Mr. Somchai Lekapojpanich ^{/3} | 7/7 | | 1/1 | 12/12 | 1/1 |
| 6. Mrs. Aeimporn Punyasai | 7/7 | | | 12/12 | 1/1 |
| 7. Ms. Thitima Vatanasakdakul ^{/4} | 0/0 | | | 12/12 | |
| 8. Ms. Viriya Ampornnapakul ^{/3,4} | 7/7 | | 4/4 | 12/12 | 1/1 |
| 9. Mr. Thitakorn Ussayaporn | | | | 12/12 | |

- Note :**
- The Company organized the Annual General Meeting of the Shareholders 2021 on April 22th, 2021.
 - The Board of Directors and the Executive held a joint meeting on October 28, 2021, to generate the Company's strategy for the year 2022.
 - Mr. Somchai Lekapojpanich joined the member of Remuneration Nomination & Corporate Governance Committee to replace Ms. Viriya, who resigned on September 30, 2021.
 - Ms. Thitima Vatanasakdakul joined the member of Board of Directors to replace Ms. Viriya, who resigned on November 30, 2021.

In 2021, the non-executive director's meeting held two meeting without the management presented.

Remuneration for Directors

1. Monetary Remuneration

The Annual General Meeting of the Shareholders 2021 approved a resolution for the remuneration for 2021 for the amount of 5,500,000 Baht and bonus from previous year's performance for the amount of 2,000,000 Baht. In 2021, a total of 6,420,000 Baht was paid as remuneration for the Board of Directors. The Company paid the meeting allowance and monthly remuneration to the independent directors whereas the Executive were only paid a monthly remuneration but no allowance.

Gratuity and Meeting Allowance

| Director | Monthly Remuneration | Meeting Allowance | Bonus | Total Remuneration |
|---|----------------------|-------------------|-----------|--------------------|
| 1. Mr. Kriengkrai Rukkulchon | 620,000 | 180,000 | 250,000 | 1,050,000 |
| 2. Dr. Vicharn Aramvareekul | 540,000 | 210,000 | 250,000 | 1,000,000 |
| 3. Ms. Piyanus Chaikajornwat | 420,000 | 250,000 | 250,000 | 920,000 |
| 4. Mrs. Udomwara Dechsongjarus | 330,000 | 210,000 | 250,000 | 790,000 |
| 5. Mr. Somchai Lekapojpanich ^{/3} | 482,500 | 270,000 | 1,000,000 | 1,752,500 |
| 6. Mrs. Aeimporn Punyasai | 330,000 | | - | 330,000 |
| 7. Ms. Thitima Vatanasakdakul ^{/4} | 110,000 | | - | 110,000 |
| 8. Ms. Viriya Ampornnapakul ^{/3,4} | 377,500 | | - | 377,500 |
| 9. Mr. Thitakorn Ussayaporn | 90,000 | | - | 90,000 |
| Total | 3,300,000 | 1,120,000 | 2,000,000 | 6,420,000 |

- Note :**
1. The Company organized the Annual General Meeting of the Shareholders 2021 on April 22th, 2021.
 2. The Board of Directors and the Executive held a joint meeting on October 28 , 2021, to generate the Company's strategy for the year 2022.
 3. Mr. Somchai Lekapojpanich joined the member of Remuneration Nomination & Corporate Governance Committee to replace Ms. Viriya, who resigned on September 30, 2021.
 4. Ms. Thitima Vatanasakdakul joined the member of Board of Directors to replace Ms. Viriya, who resigned on November 30, 2021.

2. Other remuneration

- Group health insurance
- Training courses and seminars to support the performance of the duties in the position of director.

Supervision of Subsidiaries and Associated Companies

–None–

Monitoring the Compliance of Policies and Corporate Governance Guidelines

In 2021, the Company has monitored operations to comply with the good corporate governance as follows:

Prevention of conflicts of interest

The Company's directors and executives are responsible for implementing the Conflicts of Interest Policy and reporting to the Company about their interests and associated parties through the internal audit department. The gathered reports will be submitted to the audit committee and the board of directors for consideration.

However, no action that were in the conflict of interest policy were discovered. The details are written in the "Related Party Transaction" topic.

The Exploitation of Internal Information

Internal information practices are the responsibility of the Company's directors and executives, including the implementation of good corporate governance. The details of the practices are as follows:

- 1) Executives, directors, and employees from the deputy director level must inform about the Company's securities holdings to the internal audit department on a quarterly basis. Then, the internal audit department will report to the board of directors.
- 2) Notify directors, executives, and employees from the deputy director level must inform about the time of securities trading prohibition through the company's E-mail within 30 days before to the quarterly financial statement disclosure and 1 business day following the disclosure.

In 2021, no action of directors, executives, and employees from the director level which violates the Company's securities trading practices were found.

Shareholding of Directors and the Executive (as at December 30, 2021)

| Name | as at December 30, 2020 | | Increase (decrease) during the Financial Year | as at December 30, 2021 | | Proportion of Shareholding (%) |
|--------------------------------|-------------------------|---|---|-------------------------|---|--------------------------------|
| | Held Personally | Held by Spouse and Non Sui Juris Children | | Held Personally | Held by Spouse and Non Sui Juris Children | |
| 1. Mr. Kriengkrai Rukkulchon | 800,000 | - | (800,000) | - | - | - |
| 2. Dr. Vicharn Aramvareekul | - | - | - | - | - | - |
| 3. Ms. Piyanus Chaikajornwat | - | - | - | - | - | - |
| 4. Mrs. Udomwara Dechsongjarus | - | - | - | - | - | - |
| 5. Mr. Somchai Lekapojpanich | 10,187,500 | 17,812,500 | - | 10,187,500 | 17,812,500 | 4.24 |
| 6. Mrs. Aeimporn Punyasai | - | - | - | - | - | - |
| 7. Ms. Thitima Vatanasakdakul | - | - | - | - | - | - |
| 8. Ms. Viriya Ampornnapakul | 3,400,000 | - | - | 3,400,000 | - | 0.52 |
| 9. Mr. Thitakorn Ussayaporn | - | - | - | - | - | - |
| 10. Mr. Supat Borsombat | - | - | - | - | - | - |
| 11. Mr. Nara Srisuwan | - | - | - | - | - | - |
| 12. Mr. Pert Leevilaikulrat | - | - | - | - | - | - |

Note : Pacific Pipe Public Company Limited has a registered capital of 660,000,000 Baht and paid-up capital 660,000,000 Baht (660,000,000 shares).

In the last 5 years, the Company's directors, officers, and authority figures have no record of being punished for violations of the Securities and Exchange Act B.E. 2535 or the Derivatives Act B.E. 2546. The only offenses found are as follows:

- (1) Acts of corruption or gross negligence
- (2) Disclosure of false information that may cause misunderstandings or conceal factual statements that should be disclosed which may affect the decision of shareholders, investors or related people.
- (3) Acts of unfairness or taking advantage of investors in trading assets or of future contracts, or involvement in such actions.

Information Disclosure and Transparency

Anti-corruption

The Company aims to raise awareness of anti-corruption through internal communication within the Company so that the Company's directors, executives, and employees understand and realize the importance of anti-corruption and bribery, as well as related practices and policies.

For the anti-corruption policy disclosure, details are published on the website <https://www.pacificpipe.co.th> Topic: Corporate Governance and Anti-Corruption Policy.

In 2021, the Company has launched the Anti-Corruption Policy as follows:

- 1) The board of directors has reviewed and amended the anti-corruption policy
- 2) Announced the No Gift Policy for the year 2021 and communicated to the Company's stakeholders through both internal and external communication channels.
- 3) Participated in Thailand's Private Sector Collective Action Coalition Against Corruption since 2019
- 4) Educated new employees through training in the orientation course and employed an annual test review included as a basic course for employees.

Whistleblowing

Complaints Policy and Guidelines for Whistleblowing and Reporting Complaints

The scope of complaints and guidelines for whistleblowing when in doubt or witness an act of violation should abide by good practices in the following issues:

- Violation of the compliance with the principles and guidelines of the Company's good corporate governance policy.
- Violation of the Company's rules and regulations.

- Receiving unfair treatment while working.
- Actions deemed as fraud, corruption and bribery, or actions that cause any suspicion and have a negative impact on the organization, the employee should enquire or consult with a trusted supervisor of any level. If the employee does not feel comfortable or is unsure of doing so, the employee can report the issue directly as per the details in a complaints channel.

Whistleblowing and Reporting Complaints Channel

The employees are able to file a complaint or related information via the following channel;

1. Report the issue via a comment box at each plant and each distribution center of the Company.
2. Contact/report to the person in charge as follows:
 - 2.1 Chairman of the Audit Committee
Dr. Vicharn Aramvareekul
E-mail : huang_vc@yahoo.com
 - 2.2 Chairman of the Remuneration Nomination and Corporate Governance Committee
Mr. Kriengkrai Rakkulchon
E-mail : kriangkrairukk@gmail.com

Thus, the Company allows all stakeholders to report issues when they need to lodge a complaint or find information about the Company's performance that are against the good corporate governance policy and/or ethics and code of conducts. If there are any additional questions or recommendation, these can be informed to complaints channel as follows:

- Send an e-mail directly to the responsible person in accordance with the list in Items 2.1 - 2.2.
- Send a letter by mail to:

The Remuneration Nomination and Corporate Governance Committee
Pacific Pipe Public Company Limited
Address : 1168/74, 26th Floor, Lumpini Tower Building Rama IV Road,
Sathon, Bangkok 10120

The Company has disclosed the processes and measures to protect whistleblowers, complainants, and complaint channels under the Anti-Corruption Policy on <https://www.pacificpipe.co.th> Topic: Corporate Governance and Anti-Corruption Policy.

In 2021, there were no complaints about business operation, violations of the Company's Articles of Association, business ethics, and corruption.

CONNECTED TRANSACTION

1. Rental Land of Distribution Center at Bangna - Trad km. 29

The Board of Director's meeting no. 7/2014 on 11th November 2014 passed the resolution to renew rental contract at Bangna-Trad for 11 years with the area of 22 Rai 22 square wa, which is currently a distribution center. The landowners are Mr.Prayoon Lekapojpanich and Mr.Vichai Lekapojpanich. They are brothers. In order that the rental rate will be increase 10% every 3 years, the details are as follows;

| | |
|---------------------------|-----------------------|
| Rental rate at year 1-3 | 2,208,000 Baht / year |
| Rental rate at year 4-6 | 2,428,800 Baht / year |
| Rental rate at year 7-9 | 2,671,680 Baht / year |
| Rental rate at year 10-11 | 2,938,848 Baht / year |

The rental rate is considered by the Audit Committee and proposed to The Board of Director for approval. Regard to this agenda, the directors who have the conflict of interests, constantly, temporarily left the meeting and their votes were recorded as abstentions. The rental rate calculating method is on "Rental Rate Calculating Method of Rental Land".

In 2015, there was an adjustment of the landowner since Mr. Prayoon Lekapojpanich and Mr. Vichai Lekapojpanich (former landowner) transferred the land ownership to Bang Bo Asset Company Limited ("BBA") (new landowner) which Mr. Kanin Lekapojpanich and Mr. Supanut Lekapojpanich position as directors. However, the terms in land lease agreement between Pacific Pipe Public Company Limited and Bang Bo Asset Company Limited (new landowner) remain invariable.

Summary of Rental Land at Bangna - Trad Km.29

| Parties Involved | Relationship | Rental period | Rental Payment |
|--|---|---|-------------------|
| Lessee Pacific Pipe PLC. (PAP) | - Mr. Kanin Lekapojpanich, Director of BBA, is Mr.Somchai's son. - Mr. Somchai Lekapojpanich is a non-executive director of PAP. | 11 Years since 1 st Sep. 2014 - 31 st Aug. 2025 | 2,671,680 Baht |
| Lessor Bang Bo Asset Co., Ltd. (BBA) | | | |

2. Rental Land of Distribution Center at Lad Lum Kaew

The Board of Director meeting no. 4/2015 on 2nd July 2015 passed the resolution to renew the land lease agreement at Bang Bua Thong - Suphan Buri, (Highway no. 340, between km. 32-33) Na Mai, Lad Lump Kaew, Phatum Thani with the area of 25 Rai, 12 Gnan, 31 square Wa. The land is now a distribution center of the Company. Within 13 years of lease agreement, Lad Lump Kaew Asset Co., Ltd. is the landowner. The land rental rate will be increase 10% every 3 years which described as follows:

| | |
|---------------------------|-----------------------|
| Rental rate at year 1-3 | 2,550,000 Baht / year |
| Rental rate at year 4-6 | 2,805,000 Baht / year |
| Rental rate at year 7-9 | 3,085,500 Baht / year |
| Rental rate at year 10-12 | 3,394,050 Baht / year |
| Rental rate at year 13 | 3,733,455 Baht / year |

The rental land rate is considered by the Audit Committee and proposed to The Board of Director for approval. Regard to this agenda, constantly, the directors who have the conflict of interest temporarily left the meeting and their votes were recorded as abstentions. The rental rate calculating method is on "Rental Rate Calculating Method of Rental Land".

Summary of Rental Land at Lad Lum Kaew

| Parties Involved | Relationship | Rental period | Rental Payment |
|--|---|---|----------------|
| Lessee Pacific Pipe PLC. (PAP) | <ul style="list-style-type: none"> - Mr. Kanin Lekapojpanich, Director of LLK, is Mr.Somchai's son. - Mr. Somchai Lekapojpanich is a non-executive director of PAP. | 13 Years since 1 st July 2015 – 30 th June 2028 | 2,945,250 Baht |
| Lessor Lat Lum Kaeo Asset Co., Ltd. (LLK) | | | |

Rental Rate Calculating Method of Rental Land

The method for land rental rate calculating is divided into 2 types as follows:

Method 1 Multiplying fair market value from 3 independent assessor who receives permission from Security and Exchange Commission (SEC) by the 3-year benefit gained the government bond counted at the rental rate adjusting due date. (Government bond gain information from Thai BMA)

Method 2 Considering from the market rental rate and that the transactions from 3 independent assessor who receives permission from Security and Exchange Commission (SEC)

The Board of Director will use the 2 methods as the direction to define the Company's appropriate land rental rate.

3. Lease office space on 24th floor of Lumpini Tower Building

The Board of directors meeting no.6/2019 held on 13 August 2019 approved to rent the office area from Tang Mong Seng Holding Company Limited which located at 1168/68-69 Floor 24 Lumpini Tower, RamaIV Road, Tungmahamek, Satorn, Bangkok. The period of contract is 6 years which is retroactive on 1st August 2019 to 31st July 2025. Criteria to determine value of transaction is made by comparison with the market rate proposed by Lumpini Property Management Company Limited. The rental rates of 6 years are as follows;

Rental rate at year 1-3 500 Baht / square meter / month

Rental rate at year 4-6 525 Baht/ square meter / month

Mr.Somchai Lekapojpanich, chairman of the Company and also a director of Tang Mong Seng Holding Company Limited considered as connected persons, to allow the Board of Directors to freely consider such matter, Mr.Somchai Lekapojpanich did not participate in the approval of this agenda.

Summary of Rental office space on 24th floor of Lumpini Tower Building

| Parties Involved | Relationship | Rental period | Rental Payment |
|--|--|---|----------------|
| Lessee Pacific Pipe PLC. (PAP) | <ul style="list-style-type: none"> - Tang Mong Seng Holding Company Limited. Holds 39.05% of PAP's paid up capital. - Mr. Somchai Lekapojpanich is a director of Tang Mong Seng Holding Company Limited. - Mr. Somchai Lekapojpanich is a non-executive director of PAP | 6 years since Aug 1, 2019 – July 30, 2025 | 4,155,000 Baht |
| Lessor Tang Mong Seng Holding Company Limited. (MH) | | | |

Potentials or policies of future connected transactions

The related transactions possibly occur in the future are subjected to 2 categories, which include normal business transaction and extraordinary and occasionally transaction. The procedures of transaction approval of any related transactions are described as follows;

1. Normal business transaction

Normal business transaction includes selling and purchasing transaction which occurs in continuous basis. Therefore, the company has established guidelines and procedures for such transactions, for instance, using fair and verifiable market price or price as a benchmark. These guidelines were proposed and approved by the Company's Audit Committee. Moreover, the Audit Committee also conducts quarterly reviews to ensure that the Company conforms to the guideline occur reasonably.

2. Extraordinary and occasionally transaction

The Company entitles the Audit Committee to provide opinion on extraordinary transaction appropriateness. Should the Audit Committee has no specialty on the transaction, the Company will employ independent specialists such as land appraisal and legal advisor who has no conflict of interest with the Company to provide opinion on the transaction. The opinion of the Audit Committee or specialists will be included in determinant of the Board of Director and the shareholders meeting, depending on each case and related regulation.

ASSETS USED IN BUSINESS OPERATIONS

Fixed assets used in business operations

In 2021, the Company has fixed assets used in business operations as follows:

Unit : thousand baht

| Asset list | Net value after accumulated depreciation | Ownership | Obligation |
|---------------------------------------|--|-----------|------------|
| Land and land improvements | 755,867 | Owner | - None - |
| Buildings and building improvement | 287,114 | Owner | - None - |
| Machinery and factory equipment | 524,576 | Owner | - None - |
| Utilities system and office equipment | 11,792 | Owner | - None - |
| Motor vehicles | 45,628 | Owner | - None - |
| Construction in Progress | 11,139 | Owner | - None - |

Right-to-use asset used in business operations

In 2021, the Company has right-to-use asset used in business operations as follows:





Unit : thousand baht





| Asset list | Net value after accumulated depreciation | Ownership | Obligation |
|---|--|-----------|------------|
| Right-to-use asset -Land ¹ | 24,044 | Tenant | - Yes - |
| Right-to-use asset -Building ¹ | 13,048 | Tenant | - Yes - |
| Right-to-use Office Equipment | 3,113 | Tenant | - Yes - |
| Right-to-use Motor vehicles | 4,121 | Tenant | - Yes - |

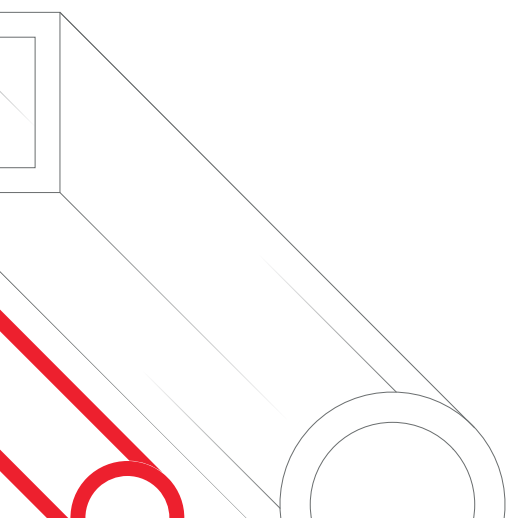
Note : 1. The details are disclosed in, "Connected Transaction".

Trademark

The company owns and registers the trademark with the Department of Intellectual Property, Ministry of Commerce by product type. Trademark has period of 10 years from the date of registration and can be renewed for 10 years each time, details of the company's trademark are as follows:

| Trademark | Registration no. | Product/service type | Protection period |
|---|------------------|-------------------------|--|
|  | ๙33682 | Steel pipe , Metal pipe | 10 years since Nov 24, 2014 – Jan 5, 2025 |
|  | 171105814 | Galvanized steel pipe | 10 years since Feb 24, 2017 – Jul 28, 2025 |
|  | 171105815 | Galvanized steel pipe | 10 years since Feb. 24, 2017 – Jul. 28, 2025 |
|  | 161113210 | Steel pipe | 10 years since Dec. 21, 2016 – Sep. 29, 2025 |

| Trademark | Registration no. | Product/service type | Protection period |
|---|------------------|---|--|
|  | 181118461 | Galvanized steel pipe | 10 years since Aug. 07, 2018 – Apr. 17, 2027 |
|  | 191106685 | Galvanized steel pipe | 10 years since Nov. 28, 2017 – Nov. 27, 2027 |
|  | 191106686 | Galvanized steel pipe | 10 years since Nov. 28, 2017 – Nov. 27, 2027 |
|  | 191106687 | Steel pipe, Structural Steel, C Light LIP Channel | 10 years since Dec. 19, 2017 – Dec. 18, 2027 |



BOARD OF DIRECTORS AND THE EXECUTIVE





Mr. Kriengkrai Rukkulchon

Independent Director / Chairman /

Chairman of Remuneration Nomination and
Corporate Committee

Age 64 years

| | |
|---|---|
| Appointed Date | April 20, 2007 |
| Family Relationship among Management | -None- |
| Education | <ul style="list-style-type: none"> - Bachelor of Law, Ramkhamhaeng University - Barrister at Law Class 33, Thai Bar Association The Institute of Legal Education |
| Training from Thai Institute of Directors Association (IOD) | 2021 Role of the Chairman Program (RCP 47/2021) 2021 Ethical Leadership Program (ELP 23/2021) 2007 Director Accreditation Program (DAP 66/2007) |
| Training from Others Institute | - Corporate Governance for Directors and Senior Executives of Regulators, State Enterprises and Public Organizations, Class 21, King Prajadhipok's Institute |
| Work Experience in the past 5 years | Mar. 2021 – Present Advisory of NPLs, Small and Medium Enterprise Development Bank of Thailand (SME) 2019 – Feb. 2021 Director and Executive Director and Chairman of the Nomination and Remuneration Committee, Small and Medium Enterprise Development Bank of Thailand (SME) 2018 – 2019 Independent Director and Member of the Audit Committee, Premier Enterprise Public Company Limited 2017 – 2019 Subcommittee on Legal Affairs, Industrial Estate Authority of Thailand 2016 – 2019 Advisory, Board of Directors, Small and Medium Enterprise Development Bank of Thailand (SME) |
| Current Director Position in Other Organization | <u>In listed companies :</u> 2020 – Present Independent Director and the Human Resource and Remuneration Committee Director, Ratch Group Public Company Limited. <u>In non-listed companies :</u> 2019 – Present Subcommittee on Legal Affairs, Thai Industrial Standards Institute (TISI) 2018 – Present Professional in Industrial Product Standards Council, Thai Industrial Standards Institute (TISI) 2001 – Present Managing Director, Pikanate Lawyer Co., Ltd |
| Criminal offence record during the past 10 years | 1. Never been sentenced by a judgment in criminal offence 2. Never been sentenced by a judgment to be bankrupt or insolvent 3. Never been sentenced by a judgment as management or authorized person in the bankrupt or insolvent company |



Dr.Vicharn Aramvareekul

Independent Director / Vice Chairman /
Chairman of Audit Committee
Age 73 years

| | |
|---|---|
| Appointed Date | April 24, 2014 |
| Family Relationship among Management | -None- |
| Education | <ul style="list-style-type: none"> - Doctor of Business Administration, California Coast University, USA - Master of Business Administration, Chulalongkorn University - Bachelor of Business Administration, Sukhothai Thammathirat Open University |
| Training from Thai Institute of Directors Association (IOD) | 2019 Advance Audit Committee Program (AAP 34/2019) 2018 Board that Make Difference (BMD 6/2018) 2014 Role of Compensation Committee (RCC 19/2014) 2013 The Director Diploma Award (Director Diploma Examination No.37/2013) 2013 Director Certification Program (DCP 107/2013) |
| Training from Others Institute | 2010 – Present Chairman – Advisory Board, Daika (Thai) Incorporation Co., Ltd. |
| Work Experience in the past 5 years | <u>In listed companies :</u> 2012 – 2021 Independent Director, Member of the Audit Committee, Member of Corporate Governance And Risk Management Committee, Chairman of Nomination and Remuneration Committee: CK Power Public Company Limited <u>In non-listed companies :</u> - None- |
| Current Director Position in Other Organization | 2021 Role of the Chairman Program (RCP 47/2021) 2021 Ethical Leadership Program (ELP 23/2021) 2007 Director Accreditation Program (DAP 66/2007) |
| Criminal offence record during the past 10 years | 1. Never been sentenced by a judgment in criminal offence 2. Never been sentenced by a judgment to be bankrupt or insolvent 3. Never been sentenced by a judgment as management or authorized person in the bankrupt or insolvent company |



Ms. Piyanus Chaikajornwat

**Independent Director / Member of Audit Committee /
Member of Remuneration Nomination and Corporate
Committee**

Age 46 years

| | |
|--|---|
| Appointed Date | June 12, 2008 |
| Family Relationship among Management | -None- |
| Education | <ul style="list-style-type: none"> - Master of Science (Management), Assumption University - Bachelor of Business Administration (Marketing Management), Assumption University |
| Training from Thai Institute of Directors Association (IOD) | 2009 Director Accreditation Program (DAP 77/2009) |
| Work Experience in the past 5 years | 2006 – Present General Manager, Victory Industrial Company Limited 2006 – 2015 Director, Clover Enterprises Company Limited |
| Current Director Position in Other Organization | <u>In listed companies :</u> -None- <u>In non-listed companies :</u> -None- |
| Criminal offence record during the past 10 years | 1. Never been sentenced by a judgment in criminal offence 2. Never been sentenced by a judgment to be bankrupt or insolvent 3. Never been sentenced by a judgment as management or authorized person in the bankrupt or insolvent company |



Mrs. Udomwara Dechsongjarus

Independent Director / Member of Audit Committee

Age 65 years

| | |
|---|---|
| Appointed Date | July 7, 2016 |
| Family Relationship among Management | -None- |
| Education | - Master of Business Administration, Chulalongkorn University - Bachelor of Accounting, Thammasat University |
| Training from Thai Institute of Directors Association (IOD) | 2017 Director Accreditation Program (DAP 133/2017) |
| Training from Others Institute | 2018 Digital Economy & Transformation |
| Work Experience in the past 5 years | 2011 – 2015 Director, Thailand Clearing House Company Limited 2011 – 2015 Director, Thailand Security Depository Company Limited 2009 – 2015 Group Head, Post Trade Operation, Stock Exchange of Thailand |
| Current Director Position in Other Organization | <u>In listed companies :</u> -None- <u>In non-listed companies :</u> 2016 – Present Director, Napassaree Dermagic Company Limited |
| Criminal offence record during the past 10 years | 1. Never been sentenced by a judgment in criminal offence 2. Never been sentenced by a judgment to be bankrupt or insolvent 3. Never been sentenced by a judgment as management or authorized person in the bankrupt or insolvent company |



Mr. Somchai Lekapojpanich

Non-Executive Director /
Chairman of Executive and Risk Management Committee /
Member of Remuneration Nomination and Corporate
Committee (Authorized director)
Age 62 years

| | |
|--|--|
| Appointed Date | March 17, 2004 |
| Family Relationship among Management | -None- |
| Education | <ul style="list-style-type: none"> - Master of Business Administration, Chulalongkorn University - Bachelor of Mechanical Engineer, King Mongkut's Institute of Technology North Bangkok |
| Training from Thai Institute of Directors Association (IOD) | 2009 Role of the Chairman Program (RCP 21/2009) 2004 Director Accreditation Program (DAP 13/2004) |
| Work Experience in the past 5 years | 2004 - 2019 Chief Executive Officer, Pacific pipe Public Company Limited 1999 - 2019 Director, Tamose Trading Company Limited 1996 - 2019 Director, Meesup Transport Company Limited 2008 - 2009 President, Metal Tube and Cold - Forming Steel Association |
| Current Director Position in Other Organization | <u>In listed companies :</u> -None- <u>In non-listed companies :</u> 2009 - Present Director, Icon Home Company Limited 2003 - Present Director, Tang Mong Seng Company Limited |
| Criminal offence record during the past 10 years | 1. Never been sentenced by a judgment in criminal offence 2. Never been sentenced by a judgment to be bankrupt or insolvent 3. Never been sentenced by a judgment as management or authorized person in the bankrupt or insolvent company |



Mrs. Aeimporn Punyasai

Executive Director/

Member of Executive and Risk Management Committee /

Chief Executive Officer (Authorized director)

Age 54 years

| | |
|--|--|
| Appointed Date | January 1, 2020 |
| Family Relationship among Management | -None- |
| Education | <ul style="list-style-type: none"> - Master of Economics, Chulalongkorn University - Bachelor of Sciences, Thammasat University |
| Training from Thai Institute of Directors Association (IOD) | 2021 Director Leadership Certification Program (DLCP Online) 2020 Director Certification Program (DCP 298/2020) 2015 Director Accreditation Program (DAP 2015) |
| Work Experience in the past 5 years | 2020 – Present Chief Executive Officer, Pacific Pipe Public Company Limited 2019 Assistant Chief Executive Officer, Pacific Pipe Public Company Limited 2014 – 2019 Director & Chief Executive Officer, ARIP Public Company Limited 2014 Deputy Executive Director of IT Project Business Unit, SVOA Public Company Limited |
| Current Director Position in Other Organization | <u>In listed companies :</u> -None- <u>In non-listed companies :</u> -None- |
| Criminal offence record during the past 10 years | 1. Never been sentenced by a judgment in criminal offence 2. Never been sentenced by a judgment to be bankrupt or insolvent 3. Never been sentenced by a judgment as management or authorized person in the bankrupt or insolvent company |



Ms. Thitima Vattanasakdakul

Executive Director /

Member of Executive and Risk Management Committee /

Chief Financial Officer (Authorized director)

Age 41 years

| | |
|--|--|
| Appointed Date | [1 st] April 23 rd , 2011 to December 31 st , 2019 [2 nd] December 1 st , 2021 |
| Family Relationship among Management | -None- |
| Education | <ul style="list-style-type: none"> - Master of E-Commerce with Distinction Award, University of Wollongong, Australia - Master of International Economics and Finance, Chulalongkorn University - Bachelor of Finance, Chulalongkorn University |
| Training from Thai Institute of Directors Association (IOD) | 2013 Director Certificate Program (DCP 177/2013) |
| Training from continuing development course in accounting knowledge | <u>Thai Listed Companies Association</u> TLCA CFO CPD No. 7/2021 "Economic update for CFO" (CPD 2 hours) TLCA CFO CPD No. 8/2021 "The modern CFO : Driving Digital Transformation of the Finance and Accounting" (CPD 2 hours) TLCA CFO CPD No. 9/2021 "Financial Planning and Analysis Transformation" (CPD 2 hours) |
| Work Experience in the past 5 years | Apr. 2021 – Present Chief Financial Officer, Pacific Pipe Public Company Limited 2010 – Mar. 2021 Chief Operating Officer, Pacific Pipe Public Company Limited 2006 – 2019 Director, Tamose Trading Company Limited 1999 – 2019 Director, Meesup Transport Company Limited |
| Current Director Position in Other Organization | <u>In listed companies :</u> -None- <u>In non-listed companies :</u> -None- |
| Criminal offence record during the past 10 years | 1. Never been sentenced by a judgment in criminal offence 2. Never been sentenced by a judgment to be bankrupt or insolvent 3. Never been sentenced by a judgment as management or authorized person in the bankrupt or insolvent company |



Ms. Viriya Ampornnapakul

Member of Executive and Risk Management Committee /
Company Secretary

Age 60 years

| | |
|---|---|
| Appointed Date | [1 st] March 17, 2004 to April 19, 2008 [2 nd] January 20, 2009 to November 30 th , 2021 |
| Family Relationship among Management | -None- |
| Education | - Master of Business Administration, Kasetsart University - Bachelor of Business Administration, Ramkhamhaeng University - Vocational Certificate of Accounting, Thonburi Commercial College |
| Training from Thai Institute of Directors Association (IOD) | 2021 Company Secretary Program (CSP 120/2021) 2021 Company Reporting Program (CRP 29/2021) 2004 Director Accreditation Program (DAP 13/2004) 2004 Director Certification Program (DCP 48/2004) |
| Work Experience in the past 5 years | 2004 – Mar. 2021 Chief Financial Officer, Pacific Pipe Public Company Limited 2006 – 2019 Director, Meesup Transport Company Limited 1999 – 2019 Director, Tamose Trading Company Limited |
| Current Director Position in Other Organization | <u>In listed companies</u> : -None- <u>In non-listed companies</u> : -None- |
| Criminal offence record during the past 10 years | 1. Never been sentenced by a judgment in criminal offence 2. Never been sentenced by a judgment to be bankrupt or insolvent 3. Never been sentenced by a judgment as management or authorized person in the bankrupt or insolvent company |



Ms. Thitakorn Ussayaporn

Member of Executive and Risk Management Committee /

Chief Marketing Officer

Age 56 years

| | |
|---|---|
| Appointed Date | May 13, 2020 |
| Family Relationship among Management | -None- |
| Education | - Master of Business Administration, Thammasat University - Bachelor of Science in Statistics, Chulalongkorn University |
| Training from Thai Institute of Directors Association (IOD) | 2021 Risk Management Program for Corporate Leaders (RCL Online) |
| Work Experience in the past 5 years | 2020 – Present Chief Marketing Officer, Pacific Pipe Public Company Limited 2016 – 2020 President TOUCH REPUBLIC PRINTING 2013 – 2020 CEO SVOA Public Company Limited |
| Current Director Position in Other Organization | <u>In listed companies :</u> -None- <u>In non-listed companies :</u> -None- |
| Criminal offence record during the past 10 years | 1. Never been sentenced by a judgment in criminal offence 2. Never been sentenced by a judgment to be bankrupt or insolvent 3. Never been sentenced by a judgment as management or authorized person in the bankrupt or insolvent company |



Mr. Supat Borsombat

Sale Director
Age 56 years

| | |
|---|--|
| Family Relationship among Management | -None- |
| Education | <ul style="list-style-type: none"> - Master of Public Administration : NIDA - Bachelor of Materials Handling & Logistics Engineering : King Mongkut's University of Technology North Bangkok |
| Work Experience in the past 5 years | <p>2016 – Present Sale Director, Pacific Pipe Public Company Limited</p> <p>1993 – 2015 Executive Director, Ekkathai Company Limited</p> |
| Training from Thai Institute of Directors Association (IOD) | -None- |



Mr. Nara Srisuwan

Marketing Director

Age 42 years

| | |
|---|---|
| Family Relationship among Management | -None- |
| Education | <ul style="list-style-type: none"> - Master of Business Administration CEO, University of the Thai Chamber of Commerce - Bachelor of Science in Technical Education (Civil Engineering), King Mongkut's University of Technology Thonburi |
| Work Experience in the past 5 years | <p>2020 – Present Marketing Director, Pacific Pipe Public Company Limited</p> <p>2017 – 2019 Business Development Director, Communication One Co.,Ltd.</p> <p>2015 – 2017 Senior Sales & Marketing Manager, ARIP Public Company Limited</p> |
| Training from Thai Institute of Directors Association (IOD) | -None- |



Mr. Pert Leevilaikulrat

Deputy Director of Account and Finance

Age 43 years

| | |
|--|--|
| Family Relationship among Management | -None- |
| Education | <ul style="list-style-type: none"> - Master of Business Administration, Thammasat University - Bachelor of Accounting, Chulalongkorn University - CPA (Thailand) Federation of Accounting Professions |
| Work Experience in the past 5 years | <p>2011 – Present Deputy Director of Account and Finance, Pacific Pipe Public Company Limited</p> <p>2008 – 2010 Accounting Manager, Pacific Pipe Public Company Limited</p> |
| Training from Thai Institute of Directors Association (IOD) | 2018 Company Secretary Program (CSP 86/2018) |
| Training from continuing development course in accounting knowledge | <p>Federation of Accounting Professions of Thailand.</p> <p>COSO ERM 2017 – Basic (CPD 6 hours)</p> <p>COSO ERM 2017 – Advance (CPD 6 hours)</p> |

Information of Director and Executive in subsidiaries or related Companies

as of December 31, 2021

| | MR. KRIENGKRAI RUKKULCHON | DR. VICHARN ARAMVAREEKUL | MR. SOMCHAI LEKAJOJANICH | MS. PIYANUS CHAIKAJORNWAT | MRS. UDOMWARA DECHSONGJARUS | MRS. AEIMPORN PUNYASAI | MS. THITIMA VATANASAKDAKUL | MS. VIRIYA AMPORNNAKUL | MR. THITAKORN USSAYAPORN | MR. SUPAT BORSOMBAT | MR. NARA SRISUWAN | MR. PERT LEEVILAIKULRAT |
|--|---------------------------|--------------------------|--------------------------|---------------------------|-----------------------------|------------------------|----------------------------|------------------------|--------------------------|---------------------|-------------------|-------------------------|
| <u>Company</u> | | | | | | | | | | | | |
| Pacific Pipe Public Cpmpany Limited | ① ③ | ② ③ | ② ③ | ② ③ | ② ③ | ② ③ ④ | ② ③ ④ | ③ ④ | ③ ④ | ④ | ④ | ④ |
| <u>Subsidiaries</u> | | | | | | | | | | | | |
| - | | | | | | | | | | | | |
| <u>Related Companies</u> | | | | | | | | | | | | |
| Icon Home Co., Ltd. | | | ② | | | | | | | | | |
| Tang Mong Seng Co., Ltd. | | | ② | | | | | | | | | |
| CK Power Public Company Limited | | ② ③ | | | | | | | | | | |
| Daika (Thai) Incorporation Co., Ltd. | | ⑤ | | | | | | | | | | |
| Thai Industrial Standards Institute (TISI) | ② | | | | | | | | | | | |
| Small and Medium Enterprise Development Bank of Thailand (SME) | ⑤ | | | | | | | | | | | |
| Pikanate Lawyer Co., Ltd. | ④ | | | | | | | | | | | |
| Ratch Group Public Company Limited | ② ③ | | | | | | | | | | | |
| Victory Industrial Co., Ltd. | | | | ④ | | | | | | | | |
| Napassaree Dermagic Co., Ltd. | | | | | ② | | | | | | | |

Note :
 ① = Chairman
 ② = Board of Director
 ③ = Sub-committees
 ④ = Director
 ⑤ = Advisor

AUDIT COMMITTEE REPORT

The Board of Directors of Pacific Pipe Public Company Limited has approved the appointment of the 3 independent directors in which all are qualified and have complete qualifications in accordance with the Stock Exchange of Thailand. These directors are as follows:

| | | |
|-------------------|-----------------|-----------|
| 1. Dr. Vicharn | Aramvareekul | Chairman |
| 2. Ms. Piyanus | Chaikajornwat | Director |
| 3. Mrs. Udomwara | Dechsongjarus | Director |
| And Mr. Naritchai | Bhurepongsanond | Secretary |

For the fiscal year of 2021, the Audit Committee performed their tasks independently and completely as assigned by the Board of Directors by holding meetings with the Executive, the External Auditor and Internal Auditor in order to jointly propose the information and/or exchange opinions on the relevant agenda. The Audit Committee had the Internal Auditor Department as the tools to conduct their tasks in accordance with the Charter. The Internal Auditor Department reported to the Audit Committee which enabled the Internal Auditor Department to perform its duties independently and transparently in accordance with the good corporate governance in order to protect the company's benefits rightly and access to adequate information. Throughout 2021, 7 meetings were held, which included 2 meetings with the External Auditor without the Executive. The crucial performances of the Audit Committee can be summarized as follows:

Financial Statements Reviewed the quarterly financial statements and annual financial statement of 2021 by consulting with the external auditors and considering their recommendations on the internal control system. The Audit Committee has found that the company's financial reports were prepared in conformity with the accepted accounting standards and with the disclosure of adequate information.

Connected Transactions Reviewed and provided opinion on the connected transactions or transactions with a conflict of interest in order to ensure that those connected transactions were conducted with fairness and for the utmost benefits of the Company in which the Company had practiced the policy of good corporate governance by implementing transparency and disclosing adequate information.

Internal Audit Approved the audit plan and workforce for the year of 2021 including the consideration of the adequacy of personnel development of the internal audit team for achieving the annual audit plan and verified the result of the performance and the recommendations of the Internal Auditor Department including the result of the inspection and the follow-up of the improvement in accordance with the recommendations. The Audit Committee gave importance to the quality of the internal control, the accuracy and reliability of the financial reports, as well as the compliance with the policy, regulations and related laws. In conclusion, the internal auditing of the Company was performed independently, adequately and effectively.

Good Corporate Governance Pursued the communication and dissemination of the code of conduct for the Company's employees, which required the related employees to report every time the names of the related persons, the shareholding report for each quarter that might involve a conflict of interest, or the connected transactions to the Audit Committee acknowledge each time, so this could be reported to the Board of Directors of the Company. In 2021, there was no transaction significantly involved with a conflict of interest.

Performance of the Audit Committee Proposed the auditing results of the Audit Committee to the Company's Board of Directors acknowledgement in every meeting of the Board of Directors by offering opinions and recommendations benefiting the operation of the Executive that it took into consideration and adapted appropriately in accordance with the recommendations. Consideration was also given to the evaluation of the performance of the Audit Committee for the year of 2021 that was evaluated by the Board of Directors and that performance was taken into consideration for further improvement of their tasks.

Company's Auditors Evaluated the independency of the Company Auditors and offered opinions on the remuneration of the auditors to propose to the Board of Directors to request for approval in the Annual General Meeting of the Shareholders 2022 for the appointment of the auditors from EY Office Company Limited for the year of 2022.

For the various above-mentioned activities throughout the year of 2021, the Audit Committee found that the Board of Directors and the Executive had held the policy of good governance as having importance and adhered to the business ethics by striving their operation toward the achievement of the Company's objectives with good professional quality and conducted the operation in accordance with the policy, rules of good conduct and the relevant laws. The activities included the development of the risk management as a crucial part in order to achieve the utmost efficiency and to promote the internal audit system to achieve an effective and appropriate result. This included the independency of the internal audit and the auditing processes that was conducted in accordance with international standards of professional internal auditing. There was development of the operations of the internal audit system which was continuously improved as well.



(Dr. Vicharn Arumvareekul)
Chairman of Audit Committee
February 22, 2022

REMUNERATION NOMINATION AND CORPORATE GOVERNANCE COMMITTEE REPORT

The Remuneration Nomination and Corporate Governance Committee consisted of 2 independent directors and 1 executive director who have three-year terms from February 5, 2021 – February 4, 2024. The Committee members are as follows:

| | | |
|-------------------|---------------|-----------|
| 1. Mr. Kriengkrai | Rakkulchon | Chairman |
| 2. Ms. Piyanus | Chaikajornwat | Director |
| 3. Mr. Somchai | Lekapojpanich | Director |
| And Ms. Viriya | Ampornnapakul | Secretary |

The Remuneration Nomination and Corporate Governance Committee conducted the duties assigned by the Board of Directors strictly under the principles in accordance with Company's Good Corporate Governance policy. In 2021, the Remuneration Nomination and Corporate Governance Committee arranged 5 meetings to consider significant issues under their responsibility which are summarized as follows:

1. Nomination

Reviewed the structure of the Board of Directors and nominated qualified persons to propose their appointment to replace those directors who had resigned by considering their various knowledge, abilities, skills and expertise. This was beneficial to the Company's operation, including the size of the Board of Directors' structure and composition that was appropriate to promote the good corporate governance and efficient management, and complied with the regulations of The Stock Exchange of Thailand and related organizations.

2. Remuneration

- 1) Considered the rate of compensation for the Company's Board of Directors and various sub-committees by comparing the compensation in the same level in the same industry, this was combined with the Company's operating results, and the appropriateness with responsibilities of the Board of Directors.
- 2) Considered the compensation and welfare for the Chief Executive Officer by specifying concrete evaluation criteria, which the consideration would result from the performance compared to the set target, by considering both financial dimensions Sustainability and the opinion of the Board of Directors on the performance of the Chief Executive Officer.

3. Corporate Governance

- 1) Reviewed the charter of the Remuneration, Nomination and Corporate Governance Committee to update the information and to comply with the Company's good corporate governance.
- 2) Reviewed and revised the 2021 policy and publicized it to the employees for their acknowledgment as follows:
 - 2.1 Good corporate governance, ethics and code of business conduct.
 - 2.2 Director's guidelines.
 - 2.3 Reviewed the anti-corruption policy
- 3) The evaluation result of the 2021 corporate governance report of a Thai listed company was reported to be "Excellent" (★★★★★) by the Thai Institute of Directors (IOD).
- 4) The report of the corporate social responsibility activities concretely and focused on activities in the CSR-in-process.
- 5) Prepared the operational reports of the Company's corporate social and environmental responsibility to communicate to all stakeholders of the organization.

- 6) Reviewed the appropriateness of the evaluation forms, which were:
- Performance evaluation forms for the Board of Directors.
 - Performance evaluation forms for individual directors.
 - Performance evaluation forms for the Remuneration Nomination and Corporate Governance Committee.
 - Performance evaluation forms for the Chief Executive Officer.
- 7) The result of the Board of Directors' performance evaluation was informed for all directors acknowledgement and encouraged discussions and the expression of opinions on the 2021 directors' performance result. The result of the performance evaluation of the Remuneration Nomination and Corporate Governance Committee was assessed by the Board of Directors.

- 7) รายงานผลการประเมินของคณะกรรมการบริษัทฯ เพื่อให้กรรมการทุกท่านรับทราบและร่วมกันหารือ หรือแสดงความเห็นต่อผลการประเมินการปฏิบัติหน้าที่กรรมการในปี 2564 รวมทั้งรายงานผลการประเมินการปฏิบัติหน้าที่ของคณะกรรมการสรรหา คำตอบแทนและบรรษัทภิบาล โดยเป็นการประเมินจากคณะกรรมการบริษัทฯ

คณะกรรมการสรรหา คำตอบแทนและบรรษัทภิบาล ปฏิบัติหน้าที่ตามที่ได้รับมอบหมายอย่างรอบคอบ ระมัดระวังสมเหตุสมผล และสามารถปฏิบัติหน้าที่อย่างเป็นอิสระ โดยไม่ถูกครอบงำจากฝ่ายบริหารแต่อย่างใด และในปี 2564 กรรมการได้รับคำตอบแทนตามที่แสดงไว้ในรายงานคำตอบแทนของคณะกรรมการปี 2564 โดยได้พิจารณารายงานข้อมูลการสำรวจคำตอบแทนกรรมการของสถาบันกรรมการบริษัทไทย หรือ Thai Institute of Directors (IOD) และตลาดหลักทรัพย์แห่งประเทศไทย เปรียบเทียบกับภาพรวมของบริษัทจดทะเบียนทั้งหมด บริษัทในกลุ่มอุตสาหกรรมเดียวกัน และบริษัทที่มีขนาดยอดขายและกำไรสุทธิใกล้เคียงกับบริษัท ซึ่งคณะกรรมการสรรหา คำตอบแทนและบรรษัทภิบาล เห็นว่ามีความเหมาะสมเป็นธรรมกับบริษัทฯ และกรรมการที่ดำรงตำแหน่ง ซึ่งสอดคล้องกับหน้าที่ความรับผิดชอบ ซึ่งคณะกรรมการบริษัทฯ ได้พิจารณาเห็นชอบและเสนอต่อที่ประชุมผู้ถือหุ้นเพื่อพิจารณา โดยคำนึงถึงประโยชน์ของผู้ถือหุ้นรายย่อยตามหลักการกำกับดูแลกิจการที่ดี

Mr. Kriengkrai Rukkunchon
Chairman of Remuneration Nomination
and Corporate Committee
January 22, 2022

EXECUTIVE AND RISK MANAGEMENT COMMITTEE

The Executive and Risk Management Committee consisted of 1 non-executive director, 2 executive directors and 2 executives with three-year terms since February 5, 2021 –February 4, 2024. The members of the Committee are listed as follows:

| | | |
|---------------------|----------------------|-----------|
| 1. Mr. Somchai | Lekapojpanich | Chairman |
| 2. Ms. Viriya | Ampornnapakul | Director |
| 3. Ms. Thitima | Vatanasakdakul | Director |
| 4. Mrs. Aeimporn | Punyasai | Director |
| 5. Mr. Thitakorn | Ussayaporn | Director |
| And Ms. Khanatsawan | Phoowattanadilokkoon | Secretary |

In 2021, there were 12 Executive and Risk Management Committee meetings for considering important issues and their responsibilities. This can be summarized as follows:

1. Proposed the target, business strategy, budget and annual plan to the Board of Directors, as well as undertook its responsibilities to manage all activities in accordance with the policies, strategic directions and set targets.
2. Restructured the organization to make the business administration consistent with the current business situation and policy
3. Followed-up on the overall business operations of the company each month together with proposed recommendations to the Executive.
4. Considered the investments with caution with logic by upholding the best interests of the Company and its shareholders.
5. Reviewed the existing Charter for the Executive and Risk Management Committee in order that these operating guidelines remained appropriate with the current situation.
6. Supervised, promoted, and supported the Executive and employees to know and understand the Company's various policies, which had been approved by the Board of Directors; such as, the anti-corruption policy.
7. Risk management:
 - 7.1 Arranged the evaluation of the corporate risk by considering both the external and internal factors, including evaluating the risk related to corruption to ensure that the Company had adequate, appropriate and timely controls to mitigate those risks arising from the changing economic environment.
 - 7.2 Considered screening the organizational risk factors that could impact the strategy, operations, financial base, and other aspects from all risk factors determined by the risk owner based on the effectiveness of the current internal control, and prioritized the overall residual risk.
 - 7.3 Considered the appropriateness and value of the action plan that the Department's Executive had arranged and advised to ensure that the risk would be managed and controlled at an appropriate level that the organization could accept.
 - 7.4 Followed-up the progress, efficiency and effectiveness of the risk management at each level and regularly reported to the Board of Directors.

Mr. Somchai Lekapojpanich
Chairman of the Executive and Risk
Management Committee
January 27, 2022

REPORT ON THE RESPONSIBILITY OF THE BOARD OF DIRECTORS FOR THE FINANCIAL REPORT OF 2021

The Board of Directors is responsible for the financial reports of the Company and places importance by complying with the good corporate governance policy. This is to ensure that the financial report of the Company and other financial information appearing in the annual report is accurate, complete and conducted in accordance with the accepted accounting principles by selecting the accounting policies and/or practices that are appropriate and regularly applied. Use reasonable discretion carefully in the accounting estimates, including ensure that important information is adequately disclosed and audited with an unqualified opinion by an independent certified public accountant.

The Board of Directors provided an appropriate and efficient internal control system to ensure that the financial information was accurate, complete and adequate for maintaining the assets, as well as for preventing corruption or any significant unusual operations. In this regard, the Board of Directors appointed the Audit Committee that comprised independent directors to review the appropriateness and effectiveness of the internal control system and internal auditing.

The financial statements of the Company was examined by a Certified Public Accountant, EY Office Limited. To conduct the audit, the Board of Directors provided support of the information and various documents to allow the auditor to audit and express opinions in accordance with the accepted auditing standards. The auditor's opinion was presented in the auditor's report included in this annual report.

The Board of Directors was of the opinion that the Company's overall internal control system had functioned at a satisfactory level and rendered credibility and reliability to the financial report of the Company for the year ending December 31, 2021, with reliability, by adhering to the accepted accounting principles and operating correctly in accordance with the relevant laws and regulations.



Mr. Kriengkrai Rukkunchon
Chairman
January 22, 2022

MANAGEMENT DISCUSSION AND ANALYSIS: MD&A

1. Overview

The COVID-19 virus still continues in 2021, and it is a significant cause of numerous factors which inevitably affects the global economy. The Company has been attempting to continue working under challenging conditions throughout the year. Meanwhile, steel consumption in the global steel sector has increased by 2.2% in 2021, amounting to 41 million tons. This is in line with Thailand's steel demands, which has increased by 15% from 2020, equating to an increase of 18.9 million tons. In 2021, the Company reported an operational income of 9,613.36 million Baht, an increase of up to 31.69% from 2020, and a net profit of 554.69 million Baht, an increase of up to 173.22% from the previous year. This is in part due to steel prices which have been rising throughout the year, proper risk management in terms of inventory management, and accounts receivable quality control, etc. In addition, digital technology has been applied in the production and customer management in order to respond appropriately to customers' needs. Moreover, the e-Document system has been applied to decrease redundant works, reduce errors and paper usage, and assist work-from-home employees to be more productive.

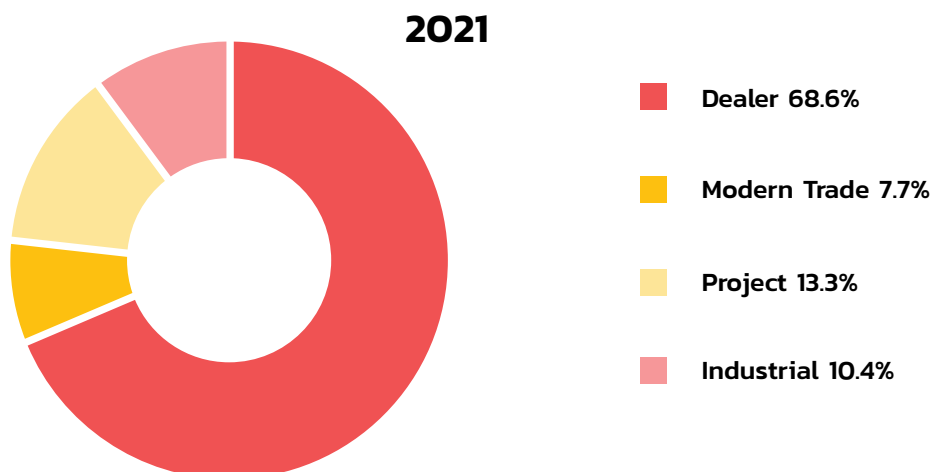
2. Results of the Operations for the Year 2021

For the Company's performance in 2021, the Company reported sales and service income of 9,613.36 million Baht, which was a increase from 2020 of 2,313.82 million Baht or 31.69%. The Company had net profit of 554.69 million Baht or 5.77% of the sales and service income, and earnings profit per share (EPS) was 0.84 Baht.

The calculated gross margin of the Company was 12.07% from the total revenue, an increase when compared to the previous year's gross margin of 9.82% from the total revenue due to the increasing trend in steel price both local and global during this year.

Revenue

For fiscal year ending December 31, 2021, the Company reported sales and service income of 9,613.36 million Baht, which was 98.94% of the total revenue or a decrease of 31.69% from 2020. The total revenue from sales could be categorized into domestic sales of 9,610.44 million Baht or accounting for 100%. The total revenue of the Company increased from 7,385.68 million Baht in 2020 to 9,716.17 million Baht in 2021, or a decrease of 31.55%.



In addition, the Company's revenue could be categorized by customer group as shown in the table below. Dealer is the customer group that has least impact from the economic situation. The sale portion is increased to 76.32% of total sale and service income this year.

Gross Profit Margin

The gross margin is accounted for 12.08% of total revenue, an increase compared to the previous year's gross margin of 9.82% of total revenue due to higher steel prices both in the world and domestic markets as detailed above, as well as effective inventory management.

However, in 2021, the Company recorded the cost reduction transaction at a net realizable value of 50.68 million Baht by considering the change in selling price or costs directly related to events occurring after the financial statements date and included as part of cost of sales. Whereas in 2020, the reversing entries amounted to Baht 27.2 million by deducting from the value of inventories recognized as cost of sales during the year.

Sales and Administrative Expenses

The Company reported sales expenses of 150.03 million Baht, which was a decrease from 2020 of 5.68 million Baht or a decrease of 3.65%. This is result from decreased in sale quantity.

The Company reported administrative expenses of 283.38 million Baht, which was a increase from 2020 of 4.87 million Baht or a decrease of 1.74%. This is result from effective expense management such as employee expenses related to preventing the spread of the COVID-19 virus etc.

Return on Equity

In 2021, the Company had a net profit of 554.69 million Baht. The return on equity was 18.95%, which was an increase from the return on equity of 8.15 % in 2020. This was due to the net profit that increased in the part of the explanation of the operating results.

Financial Status

Assets

Total assets

At the end of the year 2021, the Company had total assets of 5,420.17 million Baht, which was an increase from 2020 of 879.68 million Baht or an increase of 19.37%. This was due to the increase in the inventory and account receivable.

Accounts receivable

The accounts receivable in 2021 was 1,011.07 million Baht, which was a increase from 2020 of 264.25 million Baht or a increase of 35.28%. Account Receivable Collection Days for 2021 and 2020 was 33 and 42 days respectively which complied to the Credit Term Policy which was 30 – 90 days depend on customer categories and industries. The accounts receivable is shown in the table below.

(UNIT : MILLION BAHT)

| THE OUTSTANDING AMOUNT ON THE BASIS OF THE DUE DATES | 2019 | 2020 | 2021 |
|--|---------|---------|----------|
| Not yet due | 630.20 | 530.88 | 705.70 |
| Past due | | | |
| Up to 3 months | 233.35 | 190.25 | 289.67 |
| 3 – 6 months | 11.74 | 11.57 | 22.79 |
| 6 – 12 months | 13.50 | 25.52 | 3.42 |
| Over 12 months | 50.03 | 40.58 | 39.32 |
| Total | 938.82 | 798.80 | 1,060.90 |
| Less: Expected Credit Loss (2019 and 2020: Allowance for doubtful debts) | (38.97) | (53.15) | (50.75) |
| Total trade receivables – net | 899.85 | 745.65 | 1,010.15 |
| Other receivables – unrelated parties | 15.98 | 1.18 | 0.92 |
| Total trade and other receivables – net | 915.83 | 746.83 | 1,011.07 |

Inventory

At the end of 2021, the Company had an inventory of 2,268.40 million Baht, which was an increase from the year 2020 of 808.48 million Baht or 55.37%. Average product sales lead time of the Company in 2021 was 80 days that was slower than the previous year, which was 4 days. During the end of year 2021.

Property, plant and equipment

The Company had property, plant and equipment of 1,680.44 million Baht, which was a decrease from the year 2020 of 88.96 million Baht or 5.02%. This was because the company had no important investment for this year. When deducting the accumulated depreciation, the value of the property, plant and equipment had increased from the previous year.

Liquidity

The Company's current ratio for 2021 and 2020 was 1.59 and 1.47, respectively, while its cash cycle ratio in 2021 and 2020 were 26 and 20 days, respectively. The Company's interest coverage ratio at the end of 2021 and 2020 were 20.19 and 7.67, respectively.

During the year 2021, the company had a cash flow from the operating activities of 164.42 million Baht which was a decrease from the year 2020 of 134.93 million Baht. This was because the increase in the inventory and advance payment for the raw materials. Statements of the cash flows classified by activities are shown in the table.

(UNIT : MILLION BAHT)

| CASH FLOW | 2019 | 2020 | 2021 |
|------------------------------------|----------|----------|----------|
| From operations – acquired (used) | 592.15 | 134.93 | (164.42) |
| From investment – acquired (used) | (77.72) | (39.02) | (28.52) |
| From procurement – acquired (used) | (611.39) | (110.70) | 339.07 |
| Net increase in cash (decrease) | (96.96) | (14.80) | 146.13 |

Source of Funds

Liabilities

The Company's total liability was reduced to 2,493.60 million Baht in 2021 or an increase of 443.79 million Baht from the previous year. In the year 2021 the Company's short-term loan from financial institutions was 2,153.47 million Baht and increase of 465.18 million Baht from the previous year

Shareholders' Equity

In 2021, the shareholders' equity of the Company was 2,926.57 million Baht, which was an increase of 435.89 million Baht or 17.50 % over the year 2020

Capital Structure

The debt to the equity ratio of the Company at December 31, 2021, and 2020 were 0.85 and 0.82, respectively.

3. Factor Impacting Future Operational Results

Risk from Material Price Fluctuation and Inventory

The Company's main raw material was Hot Rolled Coils and Galvanized Steel Coils, which the cost fluctuated in accordance with the world steel price and the world zinc price. Therefore, the risk from the price fluctuation of the raw materials was a significant factor because of the effect from the world steel price. If the price decreased dramatically, there may be a risk of the impairment of raw material, or in the event that the material price increased, this could adversely affect the sale price. Moreover, such a risk was an external factor, which would be beyond the Company's control. Furthermore, raw material price fluctuation and inventory are also impact by long lead time of galvanized steel coils. However, the Company set a policy to reduce the aforementioned by:

- (1) Monitoring the prices of the raw materials of the global steel price with caution and purchasing raw materials more carefully.
- (2) Maintain the quantity of the raw materials and inventory at appropriate levels.

For more risks that will impact the operational results of the company in the future, investors can study the information and obtain more details are disclosed in, "Risk Factor".

Legal dispute

According to the opinion of the Company's legal advisor, as of December 31, 2021, the Company is not a party in the following cases:

1. Cases that may have a negative impact on the assets of the Company with an amount higher than 5% of the shareholders' equity as of December 31, 2021, which is the latest fiscal year-end.
2. Cases that affect the business operations of the company or its subsidiaries significantly
3. In the process of having a dispute with a government agency that affects the business operations of the Company or its subsidiaries

Secondary Market

-None-

Other important information

Statement of financial position
As of December 2019 to 2021

| | Consolidated financial statements | | | | | | Separate financial statements | | | | | |
|-----------------------------------|-----------------------------------|--------|---------------|--------|---------------|--------|-------------------------------|--------|---------------|--------|---------------|--------|
| | 2019 | | 2020 | | 2021 | | 2019 | | 2020 | | 2021 | |
| | Thousand baht | % | Thousand baht | % | Thousand baht | % | Thousand baht | % | Thousand baht | % | Thousand baht | % |
| ASSETS | | | | | | | | | | | | |
| CURRENT ASSETS | | | | | | | | | | | | |
| Cash and cash equivalents | 282,048.48 | 6.42 | 267,246.69 | 5.89 | 413,376.18 | 7.63 | 263,871 | 6.03 | 252,789.06 | 5.58 | 401,346.88 | 7.42 |
| Trade and other receivables | 915,826.46 | 20.86 | 746,828.49 | 16.45 | 1,011,075.34 | 18.65 | 919,614 | 21.01 | 747,037.53 | 16.50 | 1,011,090.38 | 18.70 |
| Inventories | 1,312,632.85 | 29.90 | 1,459,916.56 | 32.15 | 2,268,399.66 | 41.85 | 1,312,633 | 29.98 | 1,459,916.56 | 32.24 | 2,268,399.66 | 41.94 |
| Advance payments for raw material | 17,789.63 | 0.41 | 245,475.99 | 5.41 | - | - | 17,790 | 0.41 | 245,475.99 | 5.42 | - | - |
| Other current assets | - | - | - | - | - | - | - | - | - | - | - | - |
| Other current assets | 26,898.27 | 0.61 | 13,243.74 | 0.29 | 14,363.11 | 0.26 | 26,898 | 0.61 | 13,243.74 | 0.29 | 14,363.11 | 0.27 |
| TOTAL CURRENT ASSETS | 2,555,195.69 | 58.20 | 2,732,711.47 | 60.19 | 3,707,214.29 | 68.40 | 2,540,805.70 | 58.04 | 2,718,462.88 | 60.04 | 3,695,200.03 | 68.33 |
| NON-CURRENT ASSETS | | | | | | | | | | | | |
| Investments in subsidiaries | - | - | - | - | - | - | 1,799 | 0.04 | 1,799.46 | 0.04 | - | - |
| Property, plant and equipment | 1,808,842.21 | 41.20 | 1,769,403.26 | 38.97 | 1,680,442.07 | 31.00 | 1,808,842 | 41.32 | 1,769,403.26 | 39.08 | 1,680,442.07 | 31.07 |
| Intangible assets | 25,634.51 | 0.58 | 37,972.48 | 0.84 | 32,160.58 | 0.59 | 25,635 | 0.59 | 37,972.48 | 0.84 | 32,160.58 | 0.59 |
| Deferred tax assets | - | - | - | - | - | - | - | - | - | - | - | - |
| Other non-current assets | 693.91 | 0.02 | 399.55 | 0.01 | 352.35 | 0.01 | 694 | 0.02 | 399.55 | 0.01 | 352.35 | 0.01 |
| TOTAL NON-CURRENT ASSETS | 1,835,170.63 | 41.80 | 1,807,775.29 | 39.81 | 1,712,955.00 | 31.60 | 1,836,970.09 | 41.96 | 1,809,574.75 | 39.96 | 1,712,955.00 | 31.67 |
| TOTAL ASSETS | 4,390,366.32 | 100.00 | 4,540,486.76 | 100.00 | 5,420,169.29 | 100.00 | 4,377,775.79 | 100.00 | 4,528,037.63 | 100.00 | 5,408,155.03 | 100.00 |

Statement of financial position (continued)

As of December 2019 to 2021

| | Consolidated financial statements | | | | | | Separate financial statements | | | | | |
|--|-----------------------------------|--------------|---------------------|--------------|---------------------|--------------|-------------------------------|--------------|---------------------|--------------|---------------------|--------------|
| | 2019 | | 2020 | | 2021 | | 2019 | | 2020 | | 2021 | |
| | Thousand baht | % | Thousand baht | % | Thousand baht | % | Thousand baht | % | Thousand baht | % | Thousand baht | % |
| LIABILITIES | | | | | | | | | | | | |
| CURRENT LIABILITIES | | | | | | | | | | | | |
| Short-term loans from financial institutions | 1,614,522.35 | 36.77 | 1,688,291.03 | 37.18 | 2,153,468.88 | 39.73 | 1,614,522 | 36.88 | 1,688,291.03 | 37.29 | 2,153,468.88 | 39.82 |
| Trade and other payables | 146,789.67 | 3.34 | 114,530.33 | 2.52 | 127,057.78 | 2.34 | 146,789 | 3.35 | 114,510.21 | 2.53 | 127,057.78 | 2.35 |
| Derivative liabilities | - | - | - | - | 899.85 | 0.02 | - | - | - | - | 899.85 | 0.02 |
| Current portion of lease liabilities | - | - | 8,546.54 | 0.19 | 9,999.25 | 0.18 | - | - | 8,546.54 | 0.19 | 9,999.25 | 0.18 |
| Income tax payable | 2,774.78 | 0.06 | 35,077.25 | 0.77 | 16,684.26 | 0.31 | 2,724 | 0.06 | 35,077.25 | 0.77 | 16,684.26 | 0.31 |
| Other current liabilities | 25,322.33 | 0.58 | 15,787.83 | 0.35 | 16,700.66 | 0.31 | 25,321 | 0.58 | 15,787.83 | 0.35 | 16,700.66 | 0.31 |
| TOTAL CURRENT LIABILITIES | 1,789,409.13 | 40.76 | 1,862,232.98 | 41.01 | 2,324,810.68 | 42.89 | 1,789,356.64 | 40.87 | 1,862,212.86 | 41.13 | 2,324,810.68 | 42.99 |
| NON-CURRENT LIABILITIES | | | | | | | | | | | | |
| Short-term Loans to Related Parties | - | - | - | - | - | - | - | - | - | - | - | - |
| Lease liabilities - net of current portion | - | - | 43,981.19 | 0.97 | 37,425.64 | 0.69 | - | - | 43,981.19 | 0.97 | 37,425.64 | 0.69 |
| Deferred tax liabilities | 106,340.35 | 2.42 | 108,813.99 | 2.40 | 97,073.32 | 1.79 | 103,887 | 2.37 | 106,360.91 | 2.35 | 94,717.54 | 1.75 |
| Provision for long-term employee benefits | 32,813.48 | 0.75 | 34,778.48 | 0.77 | 34,290.44 | 0.63 | 32,813 | 0.75 | 34,778.48 | 0.77 | 34,290.44 | 0.63 |
| Deferred rent | 2,858.94 | 0.07 | - | - | - | - | 2,859 | 0.07 | - | - | - | - |
| TOTAL NON-CURRENT LIABILITIES | 142,012.77 | 3.23 | 187,573.66 | 4.13 | 168,789.40 | 3.11 | 139,559.70 | 3.19 | 185,120.58 | 4.09 | 166,433.62 | 3.07 |
| TOTAL LIABILITIES | 1,931,421.90 | 43.99 | 2,049,806.64 | 45.15 | 2,493,600.08 | 46.01 | 1,928,916.34 | 44.06 | 2,047,333.44 | 45.21 | 2,491,244.30 | 46.06 |

Statement of financial position (continued)

As of December 2019 to 2021

| | Consolidated financial statements | | | | | | Separate financial statements | | | | | |
|---|-----------------------------------|--------|--|---------------|--------|--|-------------------------------|--------|--|---------------|--------|--|
| | 2019 | | | 2020 | | | 2021 | | | 2020 | | |
| | Thousand baht | % | | Thousand baht | % | | Thousand baht | % | | Thousand baht | % | |
| SHAREHOLDERS' EQUITY | | | | | | | | | | | | |
| Share capital (660,000,000 ordinary shares of Baht 1 each) | | | | | | | | | | | | |
| Registered | 660,000.00 | | | 660,000.00 | | | 660,000.00 | | | 660,000.00 | | |
| Issued and fully paid up | 660,000.00 | 15.03 | | 660,000.00 | 14.54 | | 660,000.00 | 12.18 | | 660,000.00 | 14.58 | |
| Share premium | | - | | | - | | | - | | | - | |
| Share premium on ordinary shares | 514,845.00 | 11.73 | | 514,845.00 | 11.34 | | 514,845.00 | 9.50 | | 514,845.00 | 11.37 | |
| Surplus on treasury shares | 1,010.91 | 0.02 | | 1,010.91 | 0.02 | | 1,010.91 | 0.02 | | 1,010.91 | 0.02 | |
| Retained earnings | | - | | | - | | | - | | | - | |
| Appropriated - statutory reserve | 67,000.00 | 1.53 | | 67,000.00 | 1.48 | | 67,000.00 | 1.24 | | 67,000.00 | 1.48 | |
| Unappropriated | 830,806.61 | 18.92 | | 855,662.34 | 18.85 | | 1,291,551.43 | 23.83 | | 845,686.40 | 18.68 | |
| Other components of shareholders' equity | 385,281.89 | 8.78 | | 392,161.89 | 8.64 | | 392,161.89 | 7.24 | | 392,161.89 | 8.66 | |
| TOTAL SHAREHOLDERS' EQUITY | 2,458,944.41 | 56.01 | | 2,490,680.14 | 54.85 | | 2,926,569.23 | 53.99 | | 2,480,704.20 | 54.79 | |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | 4,390,366.31 | 100.00 | | 4,540,486.78 | 100.00 | | 5,420,169.31 | 100.00 | | 4,528,037.64 | 100.00 | |

Statement of comprehensive income

As of December 2019 to 2021

| | Consolidated financial statements | | | | | | Separate financial statements | | | | | |
|-------------------------------------|-----------------------------------|---------------|---------------------|---------------|---------------------|---------------|-------------------------------|---------------|---------------------|---------------|---------------------|---------------|
| | 2019 | | 2020 | | 2021 | | 2019 | | 2020 | | 2021 | |
| | Thousand baht | % | Thousand baht | % | Thousand baht | % | Thousand baht | % | Thousand baht | % | Thousand baht | % |
| REVENUES | | | | | | | | | | | | |
| Sales and service income | 9,243,678.98 | 99.02 | 7,299,542.79 | 98.83 | 9,613,365.33 | 98.94 | 9,013,948.13 | 95.96 | 7,299,542.79 | 98.83 | 9,613,365.33 | 98.94 |
| Gains on exchange | 2,200.74 | 0.02 | 3,942.03 | 0.05 | - | - | 2,200.74 | 0.02 | 3,942.03 | 0.05 | - | - |
| Dividend income | - | - | - | - | - | - | 290,681.59 | 3.09 | - | - | - | - |
| Other income | 89,221.65 | 0.96 | 82,195.41 | 1.11 | 102,808.24 | 1.06 | 86,815.92 | 0.92 | 82,195.41 | 1.11 | 103,234.81 | 1.06 |
| TOTAL REVENUES | 9,335,101.37 | 100.00 | 7,385,680.23 | 100.00 | 9,716,173.57 | 100.00 | 9,393,646.38 | 100.00 | 7,385,680.23 | 100.00 | 9,716,600.14 | 100.00 |
| Expenses Cost of sales and services | 8,724,260.13 | 93.46 | 6,660,524.91 | 90.18 | 8,542,629.79 | 87.92 | 8,525,408.36 | 90.76 | 6,660,524.91 | 90.18 | 8,542,629.79 | 87.92 |
| Selling and distribution expenses | 178,841.96 | 1.92 | 155,716.12 | 2.11 | 150,031.33 | 1.54 | 191,785.22 | 2.04 | 155,716.12 | 2.11 | 150,031.33 | 1.54 |
| Administrative expenses | 286,556.50 | 3.07 | 278,509.94 | 3.77 | 283,375.30 | 2.92 | 264,498.49 | 2.82 | 278,385.81 | 3.77 | 283,375.18 | 2.92 |
| Losses on exchange | - | - | - | - | 9,414.59 | 0.10 | - | - | - | - | 9,414.59 | 0.10 |
| TOTAL EXPENSES | 9,189,658.59 | 98.44 | 7,094,750.97 | 96.06 | 8,985,451.01 | 92.48 | 8,981,692.07 | 95.61 | 7,094,626.84 | 96.06 | 8,985,450.89 | 92.48 |
| Operating profit | 145,442.79 | 1.56 | 290,929.25 | 3.94 | 730,722.55 | 7.52 | 411,954.31 | 4.39 | 291,052.16 | 3.94 | 731,149.24 | 7.52 |
| Finance income | 1,843.43 | 0.02 | 757.90 | 0.01 | 435.08 | 0.00 | 828.07 | 0.01 | 729.50 | 0.01 | 423.13 | 0.00 |
| Finance cost | -56,037.00 | -0.60 | -38,054.19 | -0.52 | -36,216.12 | -0.37 | -54,650.10 | -0.58 | -38,042.36 | -0.52 | -36,216.11 | -0.37 |
| Profit before income tax expenses | 91,248.87 | 0.98 | 253,632.96 | 3.43 | 694,941.51 | 7.15 | 358,132.29 | 3.81 | 253,739.30 | 3.44 | 695,356.26 | 7.16 |
| Income tax expenses | -19,732.00 | -0.21 | -50,619.55 | -0.69 | -140,252.41 | -1.44 | -13,454.30 | -0.14 | -50,616.87 | -0.69 | -140,349.71 | -1.44 |
| PROFIT FOR THE YEAR | 71,516.87 | 0.77 | 203,013.41 | 2.75 | 554,689.10 | 5.71 | 344,677.99 | 3.67 | 203,122.43 | 2.75 | 555,006.55 | 5.71 |

Statement of comprehensive income (continued)

As of December 2019 to 2021

| | Consolidated financial statements | | | Separate financial statements | | |
|--|-----------------------------------|---------------|---------------|-------------------------------|---------------|---------------|
| | 2019 | 2020 | 2021 | 2019 | 2020 | 2021 |
| | Thousand baht | Thousand baht | Thousand baht | Thousand baht | Thousand baht | Thousand baht |
| OTHER COMPREHENSIVE INCOME | | | | | | |
| Other comprehensive income not to be reclassified to profit or loss in subsequent periods: | | | | | | |
| Actuarial gains | - | 52.89 | - | -1,309.89 | 52.89 | - |
| Changes in surplus on revaluation of assets | - | 8,600.00 | - | - | 8,600.00 | - |
| Less: Income tax effect | - | -1,730.58 | - | 261.98 | -1,730.58 | - |
| OTHER COMPREHENSIVE INCOME FOR THE YEAR | - | 6,922.31 | - | -1,047.91 | 6,922.31 | - |
| TOTAL COMPREHENSIVE INCOME FOR THE YEAR | 71,516.87 | 209,935.72 | 554,689.10 | 343,630.08 | 210,044.74 | 555,006.55 |
| BASIC EARNINGS PER SHARE | | | | | | |
| Profit for the year | 0.11 | 0.31 | 0.84 | 0.52 | 0.31 | 0.84 |

Cash flow statement
As of December 2019 to 2021

| (Unit: Thousand Baht) | CONSOLIDATED FINANCIAL STATEMENTS | | | SEPARATE FINANCIAL STATEMENTS | | |
|--|-----------------------------------|-------------|-------------|-------------------------------|-------------|-------------|
| | 2019 | 2020 | 2021 | 2019 | 2020 | 2021 |
| Cash flows from operating activities | | | | | | |
| Profit before tax | 91,248.87 | 253,632.96 | 694,941.51 | 358,132.29 | 253,739.30 | 695,356.26 |
| Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities: | | | | | | |
| Depreciation and amortisation | 134,261.87 | 137,874.78 | 131,059.68 | 125,813.62 | 137,874.78 | 131,059.68 |
| Bad debts | 913.46 | 5,830.19 | 7,518.47 | 394.76 | 5,830.19 | 7,518.47 |
| Expected credit losses (reversal) | 15,870.88 | 14,177.81 | -2,402.81 | 3,516.24 | 14,177.81 | -2,402.81 |
| Reduction (reversal) of inventory cost to net realisable value | 5,178.88 | -27,211.70 | 50,679.03 | 5,819.58 | -27,211.70 | 50,679.03 |
| Reversal of allowance for impairment of advance payment for raw material | -1,780.67 | - | - | -1,780.67 | - | - |
| Loss on disposals/write-off of plant and equipment | 662.33 | 594.33 | 414.57 | 170.13 | 594.33 | 414.57 |
| Impairment loss on land | - | 1,159.00 | - | - | 1,159.00 | - |
| Loss from disposal of Intangible Assets | - | - | - | - | - | - |
| Provision for long-term employee benefits | 12,994.53 | 3,413.49 | 4,505.98 | 12,004.09 | 3,413.49 | 4,505.98 |
| Write-off deferred rental expenses | 327.94 | -2,858.94 | - | 327.94 | -2,858.94 | - |
| Unrealised losses (gains) on exchange | 276.86 | -252.59 | 382.61 | 276.86 | -252.59 | 382.61 |
| Loss on fair value adjustments of derivative liabilities | - | - | 899.85 | - | - | 899.85 |
| Gain on return of capital surplus from subsidiary | - | - | - | - | - | -427.49 |
| Dividend income | - | - | - | -290,681.59 | - | - |
| Finance income | -1,843.43 | -757.90 | -435.08 | 828.07 | -757.90 | -423.13 |
| Interest expenses | 54,119.09 | 37,420.04 | 35,897.65 | 52,828.37 | 37,420.04 | 35,897.65 |
| <i>Profit from operating activities before changes in operating assets and liabilities</i> | 312,230.62 | 423,021.48 | 923,461.44 | 265,993.54 | 423,156.21 | 923,460.69 |
| Operating assets (increase) decrease | | | | | | |
| Trade and other receivables | 110,645.76 | 148,989.96 | -269,356.30 | -202,172.94 | 152,568.75 | -269,162.30 |
| Inventories | 183,756.76 | -120,072.01 | -859,162.14 | 116,320.17 | -120,072.01 | 859,162.14 |
| Advance payments for raw material | 84,592.68 | -227,686.37 | 245,475.99 | 78,193.66 | -227,686.37 | 245,575.99 |
| Unbilled receivables | - | 9,332.83 | - | - | 9,332.83 | - |
| Other current assets | -20,534.81 | 4,631.63 | -1,119.37 | -20,280.16 | 4,685.43 | -1,119.37 |
| Other non-current assets | - | 294.36 | 47.20 | - | 294.36 | 47.20 |

Cash flow statement (continued)

As of December 2019 to 2021

| (Unit: Thousand Baht) | CONSOLIDATED FINANCIAL STATEMENTS | | | SEPARATE FINANCIAL STATEMENTS | | |
|---|-----------------------------------|-------------------|--------------------|-------------------------------|-------------------|--------------------|
| | 2019 | 2020 | 2021 | 2019 | 2020 | 2021 |
| Operating liabilities increase (decrease) | | | | | | |
| Trade and other payables | 22,803.87 | -36,515.72 | 8,231.09 | 31,063.02 | -36,535.64 | 8,251.21 |
| Other current liabilities | -7,623.07 | -9,534.51 | 912.83 | 1,572.76 | -9,533.33 | 912.83 |
| Other non-current liabilities | - | - | - | - | - | - |
| Provision for long-term employee benefits | -11,231.32 | -1,395.60 | -4,994.01 | -11,231.32 | -1,395.60 | -4,994.01 |
| Cash flows from operating activities | 674,640.50 | 191,066.06 | 43,496.74 | 259,458.74 | 194,814.64 | 43,710.10 |
| Interest paid | -54,739.13 | -38,260.43 | -37,533.01 | -53,227.37 | -38,260.43 | -37,533.01 |
| Corporate income tax paid | -27,754.48 | -17,879.01 | -170,386.07 | -18,990.00 | -17,879.01 | -170,386.07 |
| Net cash flows from (used in) operating activities | 592,146.89 | 134,926.62 | -164,422.34 | 187,241.37 | 138,675.20 | -164,208.98 |
| Cash flows from investing activities | | | | | | |
| Acquisition of plant and equipment | -79,550.41 | -35,115.40 | -28,615.33 | -78,713.92 | -35,115.40 | -28,615.33 |
| Proceeds from sales of equipment | - | 663.41 | 566.40 | - | 663.41 | 566.40 |
| Acquisition of intangible assets | -4.95 | -5,325.00 | -898.85 | -4.95 | -5,325.00 | -898.85 |
| Cash paid for the entire business transfer of subsidiaries | - | - | - | -134,391.98 | - | - |
| Capital return from subsidiaries | - | - | - | 109,196.64 | - | - |
| Cash received from return of capital surplus from subsidiary | - | - | - | - | - | 2,226.91 |
| Dividend income | - | - | - | 290,681.59 | - | - |
| Interest income | 1,839.53 | 752.95 | 428.87 | 824.17 | 724.55 | 416.93 |
| Interest Expenses Treated as Cost of Assets | - | - | - | - | - | - |
| Cash received from sale equipment | - | - | - | - | - | - |
| Net cash flows used in investing activities | -77,715.83 | -39,024.04 | -28,518.91 | 187,591.55 | -39,052.44 | -26,303.94 |
| Cash flows from financing activities | | | | | | |
| Cash received from short-term loans from financial institutions | -578,338.06 | 7,226,639.15 | 9,464,234.87 | -414,932.06 | 7,226,639.15 | 9,464,234.87 |
| Cash paid for short-term loans from financial institutions | - | -7,152,617.69 | -8,999,439.81 | - | -7,152,617.69 | -8,999,439.81 |
| Payment for long-term loans from related parties | - | - | - | - | - | - |
| Cash received from long-term loans from financial institutions | - | - | - | - | - | - |
| Payment for long-term loans from financial institutions | - | - | - | - | - | - |
| Payments of principle portion of lease liabilities | - | -6,525.83 | -6,924.31 | - | -6,525.83 | -6,924.31 |

Cash flow statement (continued)

As of December 2019 to 2021

| (Unit: Thousand Baht) | CONSOLIDATED FINANCIAL STATEMENTS | | | SEPARATE FINANCIAL STATEMENTS | | |
|---|-----------------------------------|-------------|-------------|-------------------------------|-------------|-------------|
| | 2019 | 2020 | 2021 | 2019 | 2020 | 2021 |
| Dividend paid | -33,048.20 | -178,200.00 | -118,800.00 | -33,000.00 | -178,200.00 | -118,800.00 |
| Net cash flows from (used in) financing activities | -611,386.26 | -110,704.37 | 339,070.75 | -447,932.06 | -110,704.37 | 339,070.75 |
| Net increase (decrease) in cash and cash equivalents | -96,955.21 | -14,801.79 | 146,129.49 | -73,099.14 | -11,081.61 | 148,557.81 |
| Cash and cash equivalents at beginning of year | 379,003.69 | 282,048.48 | 267,246.69 | 255,593.87 | 263,870.67 | 252,789.06 |
| Cash and cash equivalents of subsidiaries at the date of entire business transfer | - | - | - | 81,375.94 | - | - |
| Cash and cash equivalents at end of year | 282,048.48 | 267,246.69 | 413,376.18 | 263,870.67 | 252,789.06 | 401,346.87 |

Financial ratio

As of December 2019 to 2021

| | | Consolidated financial statements | | | Separate financial statements | | |
|--|--------|-----------------------------------|-------|--------|-------------------------------|-------|--------|
| | | 2019 | 2020 | 2021 | 2019 | 2020 | 2021 |
| Liquidity ratio | | | | | | | |
| Current ratio | (time) | 1.43 | 1.47 | 1.59 | 1.42 | 1.46 | 1.59 |
| Quick ratio | (time) | 0.68 | 0.55 | 0.62 | 0.68 | 0.54 | 0.61 |
| Operating cash flow to current liabilities | (time) | 0.29 | 0.07 | -0.08 | 0.10 | 0.08 | -0.08 |
| Account receivable turnover | (time) | 9.52 | 8.78 | 10.94 | 11.31 | 8.76 | 10.94 |
| Average collection period | (day) | 38 | 42 | 33 | 32 | 42 | 33 |
| Inventory turnover | (time) | 6.20 | 4.80 | 4.58 | 6.21 | 4.80 | 4.58 |
| Average inventory period | (day) | 59 | 76 | 80 | 59 | 76 | 80 |
| Account payable turnover | (time) | 4.29 | 3.74 | 4.18 | 4.41 | 3.74 | 4.18 |
| Average payment period | (day) | 85 | 98 | 87 | 83 | 98 | 87 |
| Cash Cycle | (day) | 12 | 20 | 26 | 8 | 20 | 26 |
| Profitability ratio | | | | | | | |
| Gross profit margin | (%) | 6.54 | 9.82 | 12.08 | 9.24 | 9.82 | 12.08 |
| Operating profit margin | (%) | 1.56 | 3.94 | 7.52 | 4.39 | 3.94 | 7.52 |
| Other profit margin | (%) | 0.98 | 1.17 | 1.06 | 4.04 | 1.17 | 1.06 |
| Operating cash flow to operating profit | (%) | 407.13 | 46.38 | -22.50 | 45.45 | 47.65 | -22.46 |
| Net profit margin | (%) | 0.77 | 2.75 | 5.71 | 3.67 | 2.75 | 5.71 |
| Return on equity | (%) | 2.91 | 8.15 | 18.95 | 14.08 | 8.19 | 19.03 |
| Efficiency ratio | | | | | | | |
| Return on asset | (%) | 1.63 | 4.47 | 10.23 | 7.87 | 4.49 | 10.26 |
| Return on fixed assets | (%) | 5.56 | 9.39 | 19.59 | 12.88 | 9.40 | 19.60 |
| Total assets turnover | (turn) | 2.13 | 1.63 | 1.79 | 2.15 | 1.63 | 1.80 |
| Financial policy ratio | | | | | | | |
| Debt to equity ratio | (turn) | 0.79 | 0.82 | 0.85 | 0.79 | 0.83 | 0.85 |
| Interest Coverage Ratio | (turn) | 2.63 | 7.67 | 20.19 | 7.55 | 7.67 | 20.20 |
| Debt Service Competency Ratio | (turn) | 0.86 | 0.89 | 0.53 | 0.36 | 0.92 | 0.53 |
| Dividend payout ratio | (%) | 51.92 | 58.06 | 100.00 | 51.92 | 58.06 | 100.00 |

FINANCIAL REPORT



Independent Auditor's Report

To the Shareholders of Pacific Pipe Public Company Limited

Opinion

I have audited the accompanying consolidated financial statements of Pacific Pipe 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 Pacific Pipe 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 Pacific Pipe Public Company Limited and its subsidiaries and of Pacific Pipe 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.

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 recognition from sales transactions

Revenue from sales transactions is one of the significant account of the Group since sales direct affect to the profit and loss for the year. In addition, the Group has numerous customers in various businesses and categories. I have therefore focused on auditing the revenue from sales recognition and in particular on the timing of revenue recognition.

I assessed and tested the internal controls of the Group with respect to the revenue cycle by making enquiry of responsible executives, gaining an understanding of the controls and selecting representative samples to test the operation of the designed key controls. On a sampling basis, I examined supporting documents for sales transactions occurring during the year and sales transactions occurred near to the end of the accounting period. I also reviewed credit notes that the Group issued after period end and performed analytical procedures on sales account.

Provision for diminution in value of inventory

Estimating the net realisable value of inventory, as disclosed in Note 9 to the financial statements, is an area requiring management judgement. In addition, major products of the Group are hot-rolled coil and steel pipes which cost of raw material are fluctuated depends on market prices. There is therefore a risk with respect to the amount of provision set aside for diminution in the value of inventory.

I assessed the method and gained an understanding of the basis applied in determining the provision for diminution in value of inventory, reviewed the consistency of the application of that basis, performed a comparison of gross profit rate and compared proceeds from sales transactions occurring after the period end and trends in steel prices after the date of the financial statements with the cost of inventory.

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.

Wattoo Kayankannavee
Certified Public Accountant (Thailand) No. 5423

EY Office Limited
Bangkok: 22 February 2022

Pacific Pipe Public Company Limited and its subsidiaries

Statement of financial position

As at 31 December 2021

(Unit: Baht)

| | | <u>Consolidated financial statements</u> | | <u>Separate financial statements</u> | |
|-----------------------------------|-------------|--|----------------------|--------------------------------------|----------------------|
| | <u>Note</u> | <u>2021</u> | <u>2020</u> | <u>2021</u> | <u>2020</u> |
| Assets | | | | | |
| Current assets | | | | | |
| Cash and cash equivalents | 7 | 413,376,183 | 267,246,691 | 401,346,877 | 252,789,064 |
| Trade and other receivables | 8 | 1,011,075,339 | 746,828,493 | 1,011,090,379 | 747,037,526 |
| Inventories | 9 | 2,268,399,663 | 1,459,916,556 | 2,268,399,663 | 1,459,916,556 |
| Advance payments for raw material | | - | 245,475,994 | - | 245,475,994 |
| Other current assets | | 14,363,112 | 13,243,742 | 14,363,112 | 13,243,742 |
| Total current assets | | <u>3,707,214,297</u> | <u>2,732,711,476</u> | <u>3,695,200,031</u> | <u>2,718,462,882</u> |
| Non-current assets | | | | | |
| Investments in subsidiaries | 10 | - | - | - | 1,799,460 |
| Property, plant and equipment | 11 | 1,680,442,070 | 1,769,403,258 | 1,680,442,070 | 1,769,403,258 |
| Intangible assets | 12 | 32,160,583 | 37,972,478 | 32,160,583 | 37,972,478 |
| Other non-current assets | | 352,350 | 399,546 | 352,350 | 399,546 |
| Total non-current assets | | <u>1,712,955,003</u> | <u>1,807,775,282</u> | <u>1,712,955,003</u> | <u>1,809,574,742</u> |
| Total assets | | <u>5,420,169,300</u> | <u>4,540,486,758</u> | <u>5,408,155,034</u> | <u>4,528,037,624</u> |

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

Pacific Pipe Public Company Limited and its subsidiaries

Statement 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 | 13 | 2,153,468,877 | 1,688,291,027 | 2,153,468,877 | 1,688,291,027 |
| Trade and other payables | 14 | 127,057,780 | 114,530,326 | 127,057,780 | 114,510,207 |
| Derivative liabilities | | 899,850 | - | 899,850 | - |
| Current portion of lease liabilities | 15 | 9,999,247 | 8,546,540 | 9,999,247 | 8,546,540 |
| Income tax payable | | 16,684,257 | 35,077,247 | 16,684,257 | 35,077,247 |
| Other current liabilities | | 16,700,657 | 15,787,825 | 16,700,657 | 15,787,825 |
| Total current liabilities | | 2,324,810,668 | 1,862,232,965 | 2,324,810,668 | 1,862,212,846 |
| Non-current liabilities | | | | | |
| Lease liabilities - net of current portion | 15 | 37,425,637 | 43,981,189 | 37,425,637 | 43,981,189 |
| Deferred tax liabilities | 19 | 97,073,319 | 108,813,987 | 94,717,544 | 106,360,913 |
| Provision for long-term employee benefits | 16 | 34,290,443 | 34,778,479 | 34,290,443 | 34,778,479 |
| Total non-current liabilities | | 168,789,399 | 187,573,655 | 166,433,624 | 185,120,581 |
| Total liabilities | | 2,493,600,067 | 2,049,806,620 | 2,491,244,292 | 2,047,333,427 |
| Shareholders' equity | | | | | |
| Share capital | | | | | |
| Registered | | | | | |
| 660,000,000 ordinary shares of Baht 1 each | | 660,000,000 | 660,000,000 | 660,000,000 | 660,000,000 |
| Issued and fully paid up | | | | | |
| 660,000,000 ordinary shares of Baht 1 each | | 660,000,000 | 660,000,000 | 660,000,000 | 660,000,000 |
| Share premium | | | | | |
| Share premium on ordinary shares | | 514,845,000 | 514,845,000 | 514,845,000 | 514,845,000 |
| Surplus on treasury shares | | 1,010,911 | 1,010,911 | 1,010,911 | 1,010,911 |
| Retained earnings | | | | | |
| Appropriated - statutory reserve | 17 | 67,000,000 | 67,000,000 | 67,000,000 | 67,000,000 |
| Unappropriated | | 1,291,551,433 | 855,662,338 | 1,281,892,942 | 845,686,397 |
| Other components of shareholders' equity | | 392,161,889 | 392,161,889 | 392,161,889 | 392,161,889 |
| Total shareholders' equity | | 2,926,569,233 | 2,490,680,138 | 2,916,910,742 | 2,480,704,197 |
| Total liabilities and shareholders' equity | | 5,420,169,300 | 4,540,486,758 | 5,408,155,034 | 4,528,037,624 |

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

Directors

Pacific Pipe Public Company Limited and its subsidiaries

Statement 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 | | | | | |
| Sales and service income | | 9,613,365,326 | 7,299,542,785 | 9,613,365,326 | 7,299,542,785 |
| Gains on exchange | | - | 3,942,027 | - | 3,942,027 |
| Other income | | 102,808,237 | 82,195,410 | 103,234,805 | 82,194,192 |
| Total revenues | | 9,716,173,563 | 7,385,680,222 | 9,716,600,131 | 7,385,679,004 |
| Expenses | | | | | |
| Cost of sales and services | | 8,542,629,794 | 6,660,524,913 | 8,542,629,794 | 6,660,524,913 |
| Selling and distribution expenses | | 150,031,331 | 155,716,123 | 150,031,331 | 155,716,123 |
| Administrative expenses | | 283,375,299 | 278,509,935 | 283,375,180 | 278,385,813 |
| Losses on exchange | | 9,414,587 | - | 9,414,587 | - |
| Total expenses | | 8,985,451,011 | 7,094,750,971 | 8,985,450,892 | 7,094,626,849 |
| Operating profit | | 730,722,552 | 290,929,251 | 731,149,239 | 291,052,155 |
| Finance income | | 435,076 | 757,898 | 423,128 | 729,500 |
| Finance cost | | (36,216,119) | (38,054,185) | (36,216,109) | (38,042,355) |
| Profit before income tax expenses | | 694,941,509 | 253,632,964 | 695,356,258 | 253,739,300 |
| Income tax expenses | 19 | (140,252,414) | (50,619,546) | (140,349,713) | (50,616,867) |
| Profit for the year | | 554,689,095 | 203,013,418 | 555,006,545 | 203,122,433 |
| Other comprehensive income: | | | | | |
| <i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</i> | | | | | |
| Actuarial gains | 16 | - | 52,886 | - | 52,886 |
| Changes in surplus on revaluation of assets | | - | 8,600,000 | - | 8,600,000 |
| Total | | - | 8,652,886 | - | 8,652,886 |
| Less: Income tax effect | 19 | - | (1,730,577) | - | (1,730,577) |
| Other comprehensive income not to be reclassified to profit or loss in subsequent periods - net of income tax | | - | 6,922,309 | - | 6,922,309 |
| Other comprehensive income for the year | | - | 6,922,309 | - | 6,922,309 |
| Total comprehensive income for the year | | 554,689,095 | 209,935,727 | 555,006,545 | 210,044,742 |
| Earnings per share | | | | | |
| Basic earnings per share | 20 | | | | |
| Profit for the year | | 0.84 | 0.31 | 0.84 | 0.31 |

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

Pacific Pipe Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity

For the year ended 31 December 2021

(Unit: Baht)

| | Consolidated financial statements | | | | | | |
|--|--|-------------------------------------|-------------------------------|-------------------------------------|----------------|---|---------------|
| | Issued and fully paid-up share capital | Share premium on ordinary shares | Surplus on treasury shares | Retained earnings | | Other components of equity | Total |
| | | | | Appropriated - statutory reserve | Unappropriated | Other comprehensive income revaluation of assets | |
| Balance as at 1 January 2020 | 660,000,000 | 514,845,000 | 1,010,911 | 67,000,000 | 830,806,611 | 385,281,889 | 2,458,944,411 |
| Profit for the year | - | - | - | - | 203,013,418 | - | 203,013,418 |
| Other comprehensive income for the year | - | - | - | - | 42,309 | 6,880,000 | 6,922,309 |
| Total comprehensive income for the year | - | - | - | - | 203,055,727 | 6,880,000 | 209,935,727 |
| Dividend paid (Note 23) | - | - | - | - | (178,200,000) | - | (178,200,000) |
| Balance as at 31 December 2020 | 660,000,000 | 514,845,000 | 1,010,911 | 67,000,000 | 855,662,338 | 392,161,889 | 2,490,680,138 |
| Balance as at 1 January 2021 | 660,000,000 | 514,845,000 | 1,010,911 | 67,000,000 | 855,662,338 | 392,161,889 | 2,490,680,138 |
| Profit for the year | - | - | - | - | 554,689,095 | - | 554,689,095 |
| Other comprehensive income for the year | - | - | - | - | - | - | - |
| Total comprehensive income for the year | - | - | - | - | 554,689,095 | - | 554,689,095 |
| Dividend paid (Note 23) | - | - | - | - | (118,800,000) | - | (118,800,000) |
| Balance as at 31 December 2021 | 660,000,000 | 514,845,000 | 1,010,911 | 67,000,000 | 1,291,551,433 | 392,161,889 | 2,926,569,233 |

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

Pacific Pipe Public Company Limited and its subsidiaries
Statement of changes in shareholders' equity (continued)
For the year ended 31 December 2021

(Unit: Baht)

| | Separate financial statements | | | | | | |
|--|--|-------------------------------------|-------------------------------|-------------------------------------|----------------|--|-------------------------------|
| | Issued and fully paid-up share capital | Share premium on ordinary shares | Surplus on treasury shares | Retained earnings | | Other components of equity Other comprehensive income | Total shareholders' equity |
| | | | | Appropriated - statutory reserve | Unappropriated | Surplus on revaluation of assets | |
| Balance as at 1 January 2020 | 660,000,000 | 514,845,000 | 1,010,911 | 67,000,000 | 820,721,655 | 385,281,889 | 2,448,859,455 |
| Profit for the year | - | - | - | - | 203,122,433 | - | 203,122,433 |
| Other comprehensive income for the year | - | - | - | - | 42,309 | 6,880,000 | 6,922,309 |
| Total comprehensive income for the year | - | - | - | - | 203,164,742 | 6,880,000 | 210,044,742 |
| Dividend paid (Note 23) | - | - | - | - | (178,200,000) | - | (178,200,000) |
| Balance as at 31 December 2020 | 660,000,000 | 514,845,000 | 1,010,911 | 67,000,000 | 845,686,397 | 392,161,889 | 2,480,704,197 |
| Balance as at 1 January 2021 | 660,000,000 | 514,845,000 | 1,010,911 | 67,000,000 | 845,686,397 | 392,161,889 | 2,480,704,197 |
| Profit for the year | - | - | - | - | 555,006,545 | - | 555,006,545 |
| Other comprehensive income for the year | - | - | - | - | - | - | - |
| Total comprehensive income for the year | - | - | - | - | 555,006,545 | - | 555,006,545 |
| Dividend paid (Note 23) | - | - | - | - | (118,800,000) | - | (118,800,000) |
| Balance as at 31 December 2021 | 660,000,000 | 514,845,000 | 1,010,911 | 67,000,000 | 1,281,892,942 | 392,161,889 | 2,916,910,742 |

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

Pacific Pipe Public Company Limited and its subsidiaries

Cash flow statement

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 before tax | 694,941,509 | 253,632,964 | 695,356,258 | 253,739,300 |
| Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities: | | | | |
| Depreciation and amortisation | 131,059,681 | 137,874,776 | 131,059,681 | 137,874,776 |
| Bad debts | 7,518,465 | 5,830,193 | 7,518,465 | 5,830,193 |
| Expected credit losses (reversal) | (2,402,813) | 14,177,814 | (2,402,813) | 14,177,814 |
| Reduction (reversal) of inventory cost to net realisable value | 50,679,030 | (27,211,704) | 50,679,030 | (27,211,704) |
| Loss on disposals/write-off of plant and equipment | 414,565 | 594,334 | 414,565 | 594,334 |
| Impairment loss on land | - | 1,159,000 | - | 1,159,000 |
| Provision for long-term employee benefits | 4,505,975 | 3,413,487 | 4,505,975 | 3,413,487 |
| Write-off deferred rental expenses | - | (2,858,935) | - | (2,858,935) |
| Unrealised losses (gains) on exchange | 382,606 | (252,592) | 382,606 | (252,592) |
| Loss on fair value adjustments of derivative liabilities | 899,850 | - | 899,850 | - |
| Gain on return of capital surplus from subsidiary | - | - | (427,448) | - |
| Finance income | (435,076) | (757,898) | (423,128) | (729,500) |
| Interest expenses | 35,897,647 | 37,420,036 | 35,897,647 | 37,420,036 |
| Profit from operating activities before changes in operating assets and liabilities | 923,461,439 | 423,021,475 | 923,460,688 | 423,156,209 |
| Operating assets (increase) decrease | | | | |
| Trade and other receivables | (269,356,295) | 148,989,958 | (269,162,302) | 152,568,748 |
| Unbilled receivables | - | 9,332,831 | - | 9,332,831 |
| Inventories | (859,162,137) | (120,072,006) | (859,162,137) | (120,072,006) |
| Advance payments for raw material | 245,475,994 | (227,686,365) | 245,475,994 | (227,686,365) |
| Other current assets | (1,119,370) | 4,631,626 | (1,119,370) | 4,685,429 |
| Other non-current assets | 47,196 | 294,364 | 47,196 | 294,364 |
| Operating liabilities increase (decrease) | | | | |
| Trade and other payables | 8,231,089 | (36,515,719) | 8,251,208 | (36,535,639) |
| Other current liabilities | 912,832 | (9,534,507) | 912,832 | (9,533,334) |
| Provision for long-term employee benefits | (4,994,011) | (1,395,600) | (4,994,011) | (1,395,600) |
| Cash flows from operating activities | 43,496,737 | 191,066,057 | 43,710,098 | 194,814,637 |
| Interest paid | (37,533,010) | (38,260,429) | (37,533,010) | (38,260,429) |
| Corporate income tax paid | (170,386,073) | (17,879,005) | (170,386,073) | (17,879,005) |
| Net cash flows from (used in) operating activities | (164,422,346) | 134,926,623 | (164,208,985) | 138,675,203 |

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

Pacific Pipe Public Company Limited and its subsidiaries

Cash flow statement (continued)

For the year ended 31 December 2021

(Unit: Baht)

| | Consolidated financial statements | | Separate financial statements | |
|--|--|----------------------|--------------------------------------|----------------------|
| | <u>2021</u> | <u>2020</u> | <u>2021</u> | <u>2020</u> |
| Cash flows from investing activities | | | | |
| Acquisition of plant and equipment | (28,615,331) | (35,115,397) | (28,615,331) | (35,115,397) |
| Acquisition of intangible assets | (898,850) | (5,325,000) | (898,850) | (5,325,000) |
| Proceeds from sales of equipment | 566,402 | 663,413 | 566,402 | 663,413 |
| Interest received | 428,873 | 752,950 | 416,925 | 724,553 |
| Cash received from return of capital surplus from subsidiary | - | - | 2,226,908 | - |
| Net cash flows used in investing activities | <u>(28,518,906)</u> | <u>(39,024,034)</u> | <u>(26,303,946)</u> | <u>(39,052,431)</u> |
| Cash flows from financing activities | | | | |
| Cash received from short-term loans from financial institutions | 9,464,234,869 | 7,226,639,150 | 9,464,234,869 | 7,226,639,150 |
| Cash paid for short-term loans from financial institutions | (8,999,439,814) | (7,152,617,693) | (8,999,439,814) | (7,152,617,693) |
| Payments of principle portion of lease liabilities | (6,924,311) | (6,525,834) | (6,924,311) | (6,525,834) |
| Dividend paid | (118,800,000) | (178,200,000) | (118,800,000) | (178,200,000) |
| Net cash flows from (used in) financing activities | <u>339,070,744</u> | <u>(110,704,377)</u> | <u>339,070,744</u> | <u>(110,704,377)</u> |
| Net increase (decrease) in cash and cash equivalents | <u>146,129,492</u> | <u>(14,801,788)</u> | <u>148,557,813</u> | <u>(11,081,605)</u> |
| Cash and cash equivalents at beginning of year | <u>267,246,691</u> | <u>282,048,479</u> | <u>252,789,064</u> | <u>263,870,669</u> |
| Cash and cash equivalents at end of year | <u>413,376,183</u> | <u>267,246,691</u> | <u>401,346,877</u> | <u>252,789,064</u> |
| | - | - | - | - |
| Supplemental cash flows information: | | | | |
| Non-cash transactions | | | | |
| Acquisition of plant and equipment for which no cash has been paid | 3,613,675 | 4,568,578 | 3,613,675 | 4,568,578 |
| Acquisition of intangible assets for which no cash has been paid | - | 528,000 | - | 528,000 |
| Transfer equipment to intangible assets | - | 14,565,529 | - | 14,565,529 |
| Additions to right-of-use assets and lease liabilities | 4,173,517 | 13,276,752 | 4,173,517 | 13,276,752 |

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

Pacific Pipe Public Company Limited and its subsidiaries

Notes to consolidated financial statements

For the year ended 31 December 2021

1. General information

1.1 Corporate information

Pacific Pipe Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. Its major shareholder is Tang Mong Seng Holding Company Limited, which was incorporated in Thailand. The Company is principally engaged in manufacturing and distribution of steel pipes for construction work. The registered office of the Company is at 298, 298/2, Soi Klabcharoen, Suksawat Road, Tambon Pakklongbangplakod, Amphur Phrasamutjedi, Samutprakarn.

1.2 Coronavirus disease 2019 pandemic

The Coronavirus disease 2019 pandemic is adversely impacting most businesses and industries. This situation may bring uncertainties and have an impact on the environment in which the group operates. 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 Pacific Pipe 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 | |
|----------------------------------|--------------------------------|--------------------------|----------------------------|---------|
| | | | 2021 | 2020 |
| | | | Percent | Percent |
| Tamose Trading Company Limited | Distribution of steel products | Thailand | 99.99 | 99.99 |
| Meesup Transport Company Limited | Transportation | Thailand | - | 99.97 |

On 1 December 2019, the Company acquired the entire businesses of Tamose Trading Company Limited and Meesup Transport Company Limited, at the net book value of their assets and liabilities. The subsidiaries registered their dissolution with the Ministry of Commerce on 4 December 2019. Subsequently, Meesup Transport Company Limited completed the liquidation on 25 May 2021 while Tamose Trading Company Limited is currently in the process of liquidation.

- 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 has been eliminated from the consolidated financial statements.

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

3. New financial reporting standards

3.1 Financial reporting standards that became effective in the current year

During the 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 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

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 upon 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 service

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

Revenue from contract of productions is recognised over time where the stage of completion is measured using the comparison of actual costs incurred up to the end of the period and total anticipated costs at completion.

The recognised revenue which is not yet due per the contracts has been presented under the caption of "Unbilled receivables" in the statement of financial position. The amounts recognised as unbilled receivables are reclassified to trade receivables when the Group's right to consideration is unconditional such as upon completion of services and acceptance by the customer.

The obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer is presented under the caption of "Advances received from customers" in the statement of financial position. Advances received from customers are recognised as revenue when the Group performs under the contract.

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).

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 Inventories

Finished goods and conversion raw materials are valued at lower of cost (under the weighted average method) and net realisable value. The cost of inventories is measured using the standard cost method, which approximates actual cost and includes all production costs and attributable factory overheads.

Raw materials and factory supplies are valued at the lower of weighted average cost and net realisable value and are charged to production costs whenever consumed.

4.4 Investments in subsidiaries

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

4.5 Property, plant and equipment/Depreciation

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

Land are initially recorded at cost on the acquisition date, and subsequently revalued by an independent professional appraiser to their fair values. Revaluations are made with sufficient regularity to ensure that the carrying amount does not differ materially from fair value at the end of reporting period.

Differences arising from the revaluation are dealt with in the financial statements as follows:

- When an asset's carrying amount is increased as a result of the revaluation of the Group's assets, the increase is credited directly to other comprehensive income and the cumulative increase is recognised in equity under the heading of "Surplus on revaluation of assets". However, a revaluation increase is recognised as income to the extent that it reverses a revaluation decrease in respect of the same asset previously recognised as an expense.
- When an asset's carrying amount is decreased as a result of a revaluation of the Group's assets, the decrease is recognised in profit or loss. However, the revaluation decrease is charged to the other comprehensive income to the extent that it does not exceed an amount already held in "Surplus on revaluation of assets" in respect of the same asset.

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

| | |
|---------------------------------------|--------------|
| Land improvement | 5 - 20 years |
| Buildings and building improvement | 3 - 20 years |
| Machinery and factory equipment | 2 - 31 years |
| Utilities system and office equipment | 3 - 10 years |
| Motor vehicles | 5 - 25 years |

Depreciation is included in determining income.

No depreciation is provided on land and assets under 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.

4.6 Intangible assets

Intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses (if any).

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> |
|-------------------|---------------------|
| Computer software | 3 - 10 years |

4.7 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 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.

| | |
|------------------|---------------|
| Land | 10 - 13 years |
| Buildings | 6 years |
| Office equipment | 3 - 5 years |
| Motor vehicles | 2 - 5 years |

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

Right-of-use assets are presented as part of property, plant and equipment 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.

4.8 Related party transactions

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

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

4.9 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.

4.10 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 and other intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. 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.

An impairment loss is recognised in profit or loss. However, in cases where land were previously revalued and the revaluation was taken to equity, a part of such impairment is recognised in equity up to the amount of the previous revaluation.

In the assessment of asset impairment, if there is any indication that previously recognised impairment losses may no longer exist or may have decreased, the Group estimates the asset's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The increased carrying amount of the asset attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at a revalued amount, in which case the reversal, which exceeds the carrying amount that would have been determined, is treated as a revaluation increase.

4.11 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

Defined contribution plans

The Group and their 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 plan

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.

The obligation under the defined benefit plan 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.

4.12 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.

4.13 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 reduce 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.

4.14 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 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, 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.

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 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

For trade receivables, the Group applies a simplified approach in calculating expected credit losses ("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.

4.15 Derivatives

The Group uses derivatives, such as 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.

4.16 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 their 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 judgements 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:

Allowance for expected credit losses of trade receivables

In determining an allowance for expected credit losses of trade receivables, 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.

Reduction of inventory cost to net realisable value

In determining a reduction of inventory cost to net realisable value, the management makes judgement and estimates the net realisable value of inventory based on the amount of the inventories are expected to realise. These estimates take into consideration fluctuations of selling price or cost directly relating to events occurring after the end of the reporting period.

Property, plant and equipment/Depreciation

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

The Group measures land at revalued amounts. Such amounts are determined by the independent valuer using the market approach. The valuation involves certain assumptions and estimates as described in Note 11 to the financial statements.

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.

Post-employment benefits under defined benefit plans

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

6. Related party transactions

During the years, the Group 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 Group and those related parties.

(Unit: Million Baht)

| | For the years ended 31 December | | |
|--|--|-------------|-------------------------|
| | Consolidated/Separate financial statements | | Transfer pricing policy |
| | <u>2021</u> | <u>2020</u> | |
| <u>Transactions with related parties</u> | | | |
| Office rental and service expenses | 4 | 4 | Contract price |
| Land rental expenses | 6 | 5 | Contract price |

As at 31 December 2021 and 2020, the balances of the accounts between the Group 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>Other receivables - related party (Note 8)</u> | | | | |
| Tamose Trading Company Limited | - | - | 15 | 210 |
| <u>Lease liabilities - related parties</u> | | | | |
| Related companies (related by shareholders) | 26,510 | 30,227 | 26,510 | 30,227 |

Directors and management's benefits

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

(Unit: Thousand Baht)

| | Consolidated/Separate | |
|------------------------------|-----------------------|-------------|
| | financial statements | |
| | <u>2021</u> | <u>2020</u> |
| Short-term employee benefits | 41,000 | 27,901 |
| Post-employment benefits | 5,738 | 557 |
| Total | 46,738 | 28,458 |

7. Cash and cash equivalents

| | (Unit: Thousand Baht) | |
|---------------|-----------------------|----------------------|
| | Consolidated | Separate |
| | financial statements | financial statements |
| | <u>2021</u> | <u>2020</u> |
| Cash | 234 | 145 |
| Bank deposits | 413,142 | 267,102 |
| Total | 413,376 | 267,247 |

As at 31 December 2021, bank deposits in saving accounts carried interests between 0.10 - 0.15 percent per annum (2020: between 0.10 - 0.13 percent per annum).

8. Trade and other receivables

| | (Unit: Thousand Baht) | |
|---|-----------------------|----------------------|
| | Consolidated | Separate |
| | financial statements | financial statements |
| | <u>2021</u> | <u>2020</u> |
| <u>Trade receivables - unrelated parties</u> | | |
| Aged on the basis of due dates | | |
| Not yet due | 705,703 | 530,877 |
| Past due | | |
| Up to 3 months | 289,669 | 190,253 |
| 3 - 6 months | 22,797 | 11,566 |
| 6 - 12 months | 3,417 | 25,520 |
| Over 12 months | 39,315 | 40,588 |
| Total | 1,060,901 | 798,804 |
| Less: Allowance for expected credit losses | (50,749) | (53,152) |
| Total trade receivables - unrelated parties - net | 1,010,152 | 745,652 |
| <u>Other receivables</u> | | |
| Other receivables - related party (Note 6) | - | 15 |
| Other receivables - unrelated parties | 923 | 1,176 |
| Total other receivables | 923 | 1,386 |
| Total trade and other receivables - net | 1,011,075 | 747,038 |

The normal credit term is 7 to 90 days.

Set out below is the movements in the allowance for expected credit losses of trade receivables.

(Unit: Thousand Baht)

| | Consolidated/Separate financial statements | |
|--------------------------------------|--|---------------|
| | <u>2021</u> | <u>2020</u> |
| Beginning balance | 53,152 | 38,974 |
| Provision for expected credit losses | (2,403) | 14,178 |
| Ending balance | <u>50,749</u> | <u>53,152</u> |

Trade receivables were written-off during 2021 amounting to Baht 7.5 million (2020: Baht 5.8 million).

9. Inventories

(Unit: Thousand Baht)

| | Consolidated/Separate financial statements | | | | | |
|-----------------------------|--|-------------|--------------------|-------------|-------------------|-------------|
| | | | Reduce cost to net | | | |
| | Cost | | realisable value | | Inventories - net | |
| | <u>2021</u> | <u>2020</u> | <u>2021</u> | <u>2020</u> | <u>2021</u> | <u>2020</u> |
| Finished goods | 1,107,858 | 854,204 | (36,560) | (5,111) | 1,071,298 | 849,093 |
| Conversion raw materials | 192,313 | 114,891 | - | - | 192,313 | 114,891 |
| Raw materials | 1,007,664 | 478,224 | (19,352) | (122) | 988,312 | 478,102 |
| Factory supplies and others | 16,477 | 17,831 | - | - | 16,477 | 17,831 |
| Total | 2,324,312 | 1,465,150 | (55,912) | (5,233) | 2,268,400 | 1,459,917 |

During the current year, the Group reduced cost of inventories by Baht 50.7 million, to reflect the net realisable value. This was included in cost of sales (2020: the Group reversed the write-down of cost of inventories by Baht 27.2 million, and reduced the amount of inventories recognised as expenses during the year).

10. Investments in subsidiaries

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> |
| | | | (%) | (%) | | |
| Tamose Trading Company Limited | - | - | 99.99 | 99.99 | - | - |
| Meesup Transport Company Limited | - | - | - | 99.97 | - | 1,799 |
| Total | | | | | - | 1,799 |

On 1 December 2019, the Company acquired the entire business transfer of Tamose Trading Company Limited and Meesup Transport Company Limited at the net book value of their assets and liabilities, in which the net assets amounting to Baht 120 million and Baht 15 million, respectively.

On 4 December 2019, the Extraordinary General Shareholders' meeting of Tamose Trading Company Limited and Meesup Transport Company Limited approved the dissolution. The companies registered their dissolution with the Ministry of Commerce on 4 December 2019.

On 24 December 2019, the Company received the capital return from Tamose Trading Company Limited amounting to Baht 100 million and Meesup Transport Company Limited amounting to Baht 9 million.

On 25 May 2021, Meesup Transport Company Limited completed the liquidation and returned its capital surplus to the Company amounting to Baht 2 million.

Currently, Tamose Trading Company Limited is in the process of liquidation.

11. Property, plant and equipment

(Unit: Thousand Baht)

| | Consolidated/Separate financial statements | |
|-------------------------------|--|-------------|
| | <u>2021</u> | <u>2020</u> |
| Net book value: | | |
| Property, plant and equipment | 1,636,116 | 1,718,776 |
| Right-of-use assets (Note 15) | 44,326 | 50,627 |
| Total | 1,680,442 | 1,769,403 |

Movements of property, plant and equipment for the years ended 31 December 2021 and 2020 are summarised below.

(Unit: Thousand Baht)

| Consolidated/Separate financial statements | | | | | | | | |
|--|-------------------|-------------|------------------------------------|---------------------------------|---------------------------------------|----------------|---------------------------|-----------|
| | Revaluation basis | Cost basis | | | | | | |
| | | Land | Buildings and building improvement | Machinery and factory equipment | Utilities system and office equipment | Motor vehicles | Assets under construction | Total |
| | Land | improvement | improvement | equipment | equipment | vehicles | construction | Total |
| Cost/Revalued amount: | | | | | | | | |
| 1 January 2020 | 741,462 | 14,682 | 808,862 | 1,619,738 | 91,766 | 186,553 | 43,580 | 3,506,643 |
| Additions | - | - | 239 | 4,320 | 4,134 | - | 30,991 | 39,684 |
| Transfers in (out) | - | - | 10,910 | 20,336 | 3,603 | - | (34,849) | - |
| Transfers to intangible assets (Note 12) | - | - | - | - | - | - | (14,565) | (14,565) |
| Reclassification | - | - | (217) | 4,059 | (3,842) | - | - | - |
| Revaluations | 8,600 | - | - | - | - | - | - | 8,600 |
| Disposals/Write-off | - | - | - | (18,830) | (5,831) | (811) | - | (25,472) |
| 31 December 2020 | 750,062 | 14,682 | 819,794 | 1,629,623 | 89,830 | 185,742 | 25,157 | 3,514,890 |
| Additions | - | - | - | 4,750 | 1,712 | 2,094 | 23,672 | 32,228 |
| Transfers in (out) | - | - | 4,718 | 25,217 | 7,755 | - | (37,690) | - |
| Reclassification | - | - | - | 6,225 | (6,225) | - | - | - |
| Disposals/Write-off | - | - | (148) | (15,332) | (8,724) | (2,383) | - | (26,587) |
| 31 December 2021 | 750,062 | 14,682 | 824,364 | 1,650,483 | 84,348 | 185,453 | 11,139 | 3,520,531 |
| Accumulated depreciation: | | | | | | | | |
| 1 January 2020 | - | 6,103 | 462,708 | 1,019,484 | 85,544 | 123,962 | - | 1,697,801 |
| Depreciation for the year | - | 813 | 38,292 | 64,180 | 8,238 | 9,845 | - | 121,368 |
| Depreciation on disposals/ write-off | - | - | - | (17,730) | (5,673) | (811) | - | (24,214) |
| Reclassification | - | - | (115) | 3,551 | (3,436) | - | - | - |
| 31 December 2020 | - | 6,916 | 500,885 | 1,069,485 | 84,673 | 132,996 | - | 1,794,955 |
| Depreciation for the year | - | 802 | 36,411 | 65,759 | 1,828 | 9,074 | - | 113,874 |
| Depreciation on disposals/ write-off | - | - | (46) | (14,608) | (8,674) | (2,245) | - | (25,573) |
| Reclassification | - | - | - | 5,271 | (5,271) | - | - | - |
| 31 December 2021 | - | 7,718 | 537,250 | 1,125,907 | 72,556 | 139,825 | - | 1,883,256 |
| Allowance for impairment loss: | | | | | | | | |
| 31 December 2020 | 1,159 | - | - | - | - | - | - | 1,159 |
| 31 December 2021 | 1,159 | - | - | - | - | - | - | 1,159 |
| Net book value: | | | | | | | | |
| 31 December 2020 | 748,903 | 7,766 | 318,909 | 560,138 | 5,157 | 52,746 | 25,157 | 1,718,776 |
| 31 December 2021 | 748,903 | 6,964 | 287,114 | 524,576 | 11,792 | 45,628 | 11,139 | 1,636,116 |
| Depreciation for the year | | | | | | | | |
| 2020 (Baht 94 million included in manufacturing cost, and the balance in selling and distribution and administrative expenses) | | | | | | | | 121,368 |
| 2021 (Baht 88 million included in manufacturing cost, and the balance in selling and distribution and administrative expenses) | | | | | | | | 113,874 |

The Group arranged for an independent professional valuer to appraise the value of land in 2020, using the market approach. Land were measured at fair value using level 3 input.

Key assumptions used in the valuation are summarised below:

| | Consolidated/Separate financial statements | Result to fair value whereas an increase in assumption value |
|--------------------------------------|---|---|
| Price per square wah (Thousand Baht) | 7.9 - 35.0 | Increase in fair value |

Details of land carried at its revalued amount is as follows:

| | (Unit: Thousand Baht) | |
|-----------------|---|----------------|
| | Consolidated/Separate financial statements | |
| | <u>2021</u> | <u>2020</u> |
| Original cost | 259,860 | 259,860 |
| Revaluation | 490,202 | 490,202 |
| Impairment | (1,159) | (1,159) |
| Revalued amount | <u>748,903</u> | <u>748,903</u> |

Surplus on revaluation of assets can neither be offset against deficit nor used for dividend payment.

As at 31 December 2021, certain items of equipment were fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation of those assets amounted to approximately Baht 806 million (2020: Baht 781 million) (the Company only: Baht 806 million, 2020: Baht 781 million).

12. Intangible assets

The net book value of intangible assets as at 31 December 2021 and 2020 is presented below.

| | (Unit: Thousand Baht) | |
|--------------------------------|---|---------------|
| | Consolidated/Separate financial statements | |
| | <u>2021</u> | <u>2020</u> |
| Computer software - at cost | 94,642 | 93,743 |
| Less: Accumulated amortisation | (62,481) | (55,771) |
| Net book value | <u>32,161</u> | <u>37,972</u> |

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

| | (Unit: Thousand Baht) | |
|---|---------------------------------|---------------|
| | Consolidated/Separate financial | |
| | statements | |
| | <u>2021</u> | <u>2020</u> |
| Net book value at beginning of year | 37,972 | 25,635 |
| Acquisition of computer software | 900 | 5,853 |
| Transfer from property, plant and equipment (Note 11) | - | 14,565 |
| Amortisation | (6,711) | (8,081) |
| Net book value at end of year | <u>32,161</u> | <u>37,972</u> |

13. Short-term loans from financial institutions

| | (Unit: Thousand Baht) | |
|--|-----------------------|------------------|
| | Interest rate | |
| | (Percent per annum) | |
| | <u>2021</u> | <u>2020</u> |
| Short-term loans from financial institutions | 1.55 | 1.55 - 1.67 |
| Trust receipt | 1.48 - 2.00 | 1.47 - 2.32 |
| Total | <u>2,153,469</u> | <u>1,688,291</u> |

The credit facilities agreement with the banks contain financial covenants that, among other things, maintain certain debt to equity ratios according to the agreement and required the Company to be restricted on the disposal of its assets or the creation of lien thereon without prior consent from banks.

As at 31 December 2021, the credit facilities of the Company which have not yet been drawn down amounting to Baht 3,070 million (2020: Baht 3,536 million).

14. Trade and other payables

| | (Unit: Thousand Baht) | | | |
|------------------------------------|-----------------------|----------------|----------------------|----------------|
| | Consolidated | | Separate | |
| | financial statements | | financial statements | |
| | <u>2021</u> | <u>2020</u> | <u>2021</u> | <u>2020</u> |
| Trade payables - unrelated parties | 21,666 | 27,670 | 21,666 | 27,670 |
| Other payables - unrelated parties | 37,827 | 50,179 | 37,827 | 50,159 |
| Accrued expenses | 67,565 | 36,681 | 67,565 | 36,681 |
| Total trade and other payables | <u>127,058</u> | <u>114,530</u> | <u>127,058</u> | <u>114,510</u> |

15. Leases

The Group as a lessee

The Group has lease contracts for assets used in its operations. Leases generally have lease terms between 2 - 13 years. The lease contracts cannot be cancelled and prohibit sub-leasing or use of the underlying assets by another party.

a) Right-of-use assets

Movements of right-of-use assets for the years ended 31 December 2021 and 2020 are summarised below:

(Unit: Thousand Baht)

| | Consolidated/Separate financial statements | | | | |
|---------------------------|--|-----------|-----------|----------------|----------|
| | Office | | | | Total |
| | Land | Buildings | equipment | Motor vehicles | |
| 1 January 2020 | 33,414 | 5,943 | 1,089 | 5,331 | 45,777 |
| Additions | - | 11,819 | - | 1,458 | 13,277 |
| Depreciation for the year | (4,685) | (1,064) | (415) | (2,263) | (8,427) |
| 31 December 2020 | 28,729 | 16,698 | 674 | 4,526 | 50,627 |
| Additions | - | - | 3,132 | 1,547 | 4,679 |
| Write-off | - | - | - | (505) | (505) |
| Depreciation for the year | (4,685) | (3,650) | (693) | (1,447) | (10,475) |
| 31 December 2021 | 24,044 | 13,048 | 3,113 | 4,121 | 44,326 |

b) Lease liabilities

(Unit: Thousand Baht)

| | Consolidated/Separate financial statements | |
|--|--|----------|
| | 2021 | 2020 |
| Lease payments | 55,259 | 63,236 |
| Less: Deferred interest expenses | (7,834) | (10,708) |
| Total | 47,425 | 52,528 |
| Less: Portion due within one year | (9,999) | (8,547) |
| Lease liabilities - net of current portion | 37,426 | 43,981 |

c) Expenses relating to leases that are recognised in profit or loss

(Unit: Thousand Baht)

| | Consolidated/Separate financial statements | |
|--|--|-------------|
| | <u>2021</u> | <u>2020</u> |
| Depreciation expense of right-of-use assets | 10,475 | 8,427 |
| Interest expense on lease liabilities | 3,287 | 2,901 |
| Expense relating to leases of low-value assets | 747 | 24 |

d) Others

The Group had total cash outflows for leases for the year ended 31 December 2021 of Baht 13.2 million (2020: Baht 9.5 million) (the Company only: Baht 13.2 million, 2020: Baht 9.5 million), including the cash outflow related to leases of low-value assets.

16. Provision for long-term employee benefits

Provision for long-term employee benefits, which represents compensation payable to employee after they retire, was as follows:

(Unit: Thousand Baht)

| | Consolidated/Separate financial statements | |
|---|--|---------------|
| | <u>2021</u> | <u>2020</u> |
| Provision for long-term employee benefits at beginning of year | 34,778 | 32,813 |
| Included in profit or loss: | | |
| Current service cost | 3,932 | 2,495 |
| Interest cost | 574 | 918 |
| Included in other comprehensive income: | | |
| Actuarial (gain) loss arising from | | |
| Demographic assumptions changes | - | 1,991 |
| Financial assumptions changes | - | 1,088 |
| Experience adjustments | - | (3,132) |
| Benefits paid during the year | (4,994) | (1,395) |
| Provision for long-term employee benefits at end of year | <u>34,290</u> | <u>34,778</u> |

The Group expects to pay Baht 2 million of long-term employee benefits during the next year (2020: Baht 5 million) (the Company only: Baht 2 million, 2020: Baht 5 million).

As at 31 December 2021, the weighted average duration of the liabilities for long-term employee benefit is 14 years (2020: 14 years) (the Company only: 14 years, 2020: 14 years).

Significant actuarial assumptions are summarised below:

| | (Unit: Percent per annum) | |
|--|--|--------------|
| | Consolidated/Separate financial statements | |
| | <u>2021</u> | <u>2020</u> |
| Discount rate | 1.68 | 1.68 |
| Salary increase rate | 4 | 4 |
| Staff turnover rate (depending on age) | 3.34 - 40.11 | 3.34 - 40.11 |

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: Million Baht) | | | |
|----------------------|--|---------------------|------------------------|---------------------|
| | Consolidated/Separate financial statements | | | |
| | As at 31 December 2021 | | As at 31 December 2020 | |
| | <u>Increase 1%</u> | <u>Decrease 1%</u> | <u>Increase 1%</u> | <u>Decrease 1%</u> |
| Discount rate | (3.6) | 4.2 | (3.4) | 4.0 |
| Salary increase rate | 4.3 | (3.7) | 3.8 | (3.3) |
| | <u>Increase 20%</u> | <u>Decrease 20%</u> | <u>Increase 20%</u> | <u>Decrease 20%</u> |
| Staff turnover rate | (4.1) | 5.3 | (3.6) | 4.6 |

17. 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.

18. Expenses by nature

Significant expenses classified by nature are as follows:

| | (Unit: Thousand Baht) | | | |
|--|-----------------------|-------------|----------------------|-------------|
| | Consolidated | | Separate | |
| | financial statements | | financial statements | |
| | <u>2021</u> | <u>2020</u> | <u>2021</u> | <u>2020</u> |
| Salaries and wages and other employee benefits | 347,222 | 341,828 | 347,222 | 341,705 |
| Depreciation and amortisation expenses | 131,060 | 137,875 | 131,060 | 137,875 |
| Transportation expenses | 44,850 | 53,543 | 44,850 | 53,543 |
| Raw materials and consumables used | 8,242,575 | 6,057,564 | 8,242,575 | 6,057,564 |
| Changes in inventories of finished goods | (222,205) | 18,904 | (222,205) | 18,904 |

19. 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 income tax charge | 152,480 | 50,233 | 152,480 | 50,233 |
| Adjustment in respect of income tax of previous year | (487) | (356) | (487) | (359) |
| Deferred tax: | | | | |
| Relating to origination and reversal of temporary differences | (11,741) | 743 | (11,643) | 743 |
| Income tax expenses reported in profit or loss | <u>140,252</u> | <u>50,620</u> | <u>140,350</u> | <u>50,617</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/Separate financial statements | |
| | <u>2021</u> | <u>2020</u> |
| Deferred tax on actuarial gains and losses | - | (11) |
| Deferred tax on surplus from revaluation of land | - | (1,720) |
| | <u>-</u> | <u>(1,731)</u> |

The reconciliation between accounting profit and income tax expenses 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 before tax | <u>694,942</u> | <u>253,633</u> | <u>695,356</u> | <u>253,739</u> |
| Applicable tax rate | 20% | 20% | 20% | 20% |
| Accounting profit before tax multiplied by income tax rate | 138,988 | 50,727 | 139,071 | 50,748 |
| Adjustment in respect of income tax of previous year | (487) | (356) | (487) | (359) |
| Effects of: | | | | |
| Non-deductible expenses | 2,165 | 1,602 | 2,165 | 1,602 |
| Additional expense deductions allowed | (564) | (1,492) | (564) | (1,492) |
| Others | 150 | 139 | 165 | 118 |
| Total | <u>1,751</u> | <u>249</u> | <u>1,766</u> | <u>228</u> |
| Income tax expenses reported in profit or loss | <u>140,252</u> | <u>50,620</u> | <u>140,350</u> | <u>50,617</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 excepted credit losses | 10,150 | 10,630 | 10,150 | 10,630 |
| Allowance for diminution in value of inventories | 11,182 | 1,047 | 11,182 | 1,047 |
| Allowance for impairment loss on land | 232 | 232 | 232 | 232 |
| Surplus on investment in subsidiaries | - | - | 2,355 | 2,453 |
| Provision for long-term employee benefits | 6,858 | 6,955 | 6,858 | 6,955 |
| Loss on fair value adjustments on derivative | 180 | - | 180 | - |
| Total | <u>28,602</u> | <u>18,864</u> | <u>30,957</u> | <u>21,317</u> |
| Deferred tax liabilities | | | | |
| Difference depreciation between tax and accounting base | 27,635 | 29,638 | 27,635 | 29,638 |
| Surplus on revaluation of land | 98,040 | 98,040 | 98,040 | 98,040 |
| Total | <u>125,675</u> | <u>127,678</u> | <u>125,675</u> | <u>127,678</u> |
| Presentation in the statements of financial position | | | | |
| Deferred tax liabilities | <u>97,073</u> | <u>108,814</u> | <u>94,718</u> | <u>106,361</u> |

20. Earnings per share

Basic earnings per share is calculated by dividing profit for the year (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year.

21. 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 chief executive officer.

The one main reportable operating segment of the Group is the manufacture and distribution of steel pipes, structural steels and contract of steel productions for construction work and the main single geographical area of its operations is Thailand. Segment performance is measured based on operating profit or loss, on a basis consistent with that used to measure operating profit or loss in the financial statements. As a result, all of the revenues, operating profits and assets as reflected in these financial statements pertain to the aforementioned reportable operating segment and geographical area.

For the years 2021 and 2020, the Group has no major customer with revenue of 10 percent or more of an entity's revenues.

22. Provident fund

The Group and their employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Both employees and the Group contribute to the fund monthly at the rate of 5 percent of basic salary. The fund will be paid to employees upon termination in accordance with the fund rules. The contributions for the year 2021 amounting to approximately Baht 4.0 million were recognised as expense (2020: Baht 3.1 million).

23. Dividends

| Dividends | Approved by | Total dividends (Million Baht) | Dividend per share (Baht/share) |
|--------------------------|---|-----------------------------------|------------------------------------|
| Final dividends for 2019 | Annual General Meeting of the shareholders on 24 April 2020 | 178.2 | 0.27 |
| Total for 2020 | | 178.2 | 0.27 |
| Final dividends for 2020 | Annual General Meeting of the shareholders on 22 April 2021 | 118.8 | 0.18 |
| Total for 2021 | | 118.8 | 0.18 |

24. Commitments and contingent liabilities

24.1 Capital commitments

As at 31 December 2021, the Company had capital commitments of approximately Baht 1 million (2020: Baht 1.8 million), relating to the computer system development, acquisition of equipment and the factory system improvement.

24.2 Letters of credit

As at 31 December 2021, the Company had commitments under letters of credit with overseas suppliers amounting to approximately USD 4.4 million (2020: USD 4.9 million).

24.3 Guarantees

As at 31 December 2021, there were outstanding bank guarantees of approximately Baht 16 million (2020: Baht 16 million) issued by banks on behalf of the Company in respect of certain performance bonds as required in the normal course of its business. These included letters of guarantee to guarantee as follows:

| | (Unit: Million Baht) | |
|---|----------------------|------|
| | 2021 | 2020 |
| Guarantee electricity use | 15 | 15 |
| Guarantee as an AEO authorised importer and/or exporter to the Customs Department | 1 | 1 |

25. Financial instruments

25.1 Derivatives

| | (Unit: Thousand Baht) | |
|--|---|-------------|
| | Consolidated/Separate financial statements | |
| | <u>2021</u> | <u>2020</u> |
| Derivative liabilities | | |
| Derivative liabilities not designated as hedging instruments | | |
| Foreign exchange forward contracts | 900 | - |
| Total derivative liabilities | <u>900</u> | <u>-</u> |

The Group uses foreign exchange forward contracts to manage some of its transaction exposures. The contracts are entered into for periods generally of 6 months. The foreign exchange forward contracts were measured at fair value using level 2 input.

25.2 Financial risk management objectives and policies

The Group's financial instruments principally comprise cash and cash equivalents, trade receivable, short-term loans from financial institutions and trade payable. The financial risks associated with these financial instruments and how they are managed is described below.

Credit risk

The Group is exposed to credit risk primarily with respect to trade receivable. Except for derivatives, the maximum exposure to credit risk is limited to the carrying amounts as stated in the statement of financial position. The Group's maximum exposure relating to derivatives is noted in the liquidity risk topic.

Trade receivables

The Group manages the risk by adopting appropriate credit control policies and procedures and therefore does not expect to incur material financial losses. Outstanding trade receivables are regularly monitored and the Group considers mitigating risk by, for example, requiring collateral from a bank or arranging debtor insurance. In addition, the Group does not have high concentrations of credit risk since it has a large customer base in various industries.

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 Group classifies customer segments by customer type and rating, and coverage by other forms of credit insurance. Other forms of credit insurance are considered an integral part of trade receivables and taken into account in the calculation of impairment. 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. Generally, trade receivables are written-off if past due for more than one year and subject to enforcement activity and the debtor has not the ability to pay the debt.

Market risk

Foreign currency risk

The Group's exposure to foreign currency risk relates primarily to its purchasing transactions and loans 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 6 months.

As at 31 December 2021 and 2020, the Group has the balances of financial liabilities denominated in foreign currencies are summarised below.

| Foreign currency | Financial liabilities | | Average exchange rate | |
|------------------|-----------------------|-------------|------------------------------------|-------------|
| | <u>2021</u> | <u>2020</u> | <u>2021</u> | <u>2020</u> |
| | (Million) | (Million) | (Baht per 1 foreign currency unit) | |
| US dollar | 6.29 | 1.06 | 33.3300 | 29.9497 |

Foreign currency sensitivity

The sensitivity of the Group's profit before tax to a reasonably possible change in US dollar exchange rates, with all other variables held constant. The impact on the Company's profit before tax is due to changes in the fair value of monetary assets and liabilities including non-designated foreign currency derivatives as at 31 December 2021 shows that an increase or decrease of 6 percent in the exchange rate will result in an decrease or increase of Baht 12 million in the Group's profit before tax. 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 short-term loans. 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 manages its interest rate risk by borrowings at short-term loans that carry fixed interest rates.

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)

| 2021 | | | | | |
|-----------------------------------|----------------|---------------|---------------|-------|---------------|
| Consolidated financial statements | Fixed | | | | |
| | interest rates | Floating | Non- interest | Total | Effective |
| | within 1 year | interest rate | bearing | | interest rate |
| | | | | | (% per annum) |
| <u>Financial assets</u> | | | | | |
| Cash and cash equivalents | - | 413 | - | 413 | 0.10 - 0.15 |
| Trade and other receivables | - | - | 1,011 | 1,011 | - |
| | - | 413 | 1,011 | 1,424 | |
| <u>Financial liabilities</u> | | | | | |
| Short-term loans from financial | | | | | |
| institutions | 2,153 | - | - | 2,153 | 1.48 - 2.00 |
| Trade and other payables | - | - | 127 | 127 | - |
| | 2,153 | - | 127 | 2,280 | |

(Unit: Million Baht)

| 2020 | | | | | |
|-----------------------------------|----------------|---------------|---------------|-------|---------------|
| Consolidated financial statements | Fixed | | | | |
| | interest rates | Floating | Non- interest | Total | Effective |
| | within 1 year | interest rate | bearing | | interest rate |
| | | | | | (% per annum) |
| <u>Financial assets</u> | | | | | |
| Cash and cash equivalents | - | 267 | - | 267 | 0.10 - 0.13 |
| Trade and other receivables | - | - | 747 | 747 | - |
| | - | 267 | 747 | 1,014 | |
| <u>Financial liabilities</u> | | | | | |
| Short-term loans from financial | | | | | |
| institutions | 1,688 | - | - | 1,688 | 1.47 - 2.32 |
| Trade and other payables | - | - | 115 | 115 | - |
| | 1,688 | - | 115 | 1,803 | |

(Unit: Million Baht)

| | 2021 | | | | |
|---------------------------------|----------------|---------------|---------------|-------|---------------|
| | Fixed | Floating | Non- interest | | Effective |
| Separate financial statements | interest rates | interest rate | bearing | Total | interest rate |
| | within 1 year | | | | (% per annum) |
| <u>Financial assets</u> | | | | | |
| Cash and cash equivalents | - | 401 | - | 401 | 0.10 - 0.15 |
| Trade and other receivables | - | - | 1,011 | 1,011 | - |
| | - | 401 | 1,011 | 1,412 | |
| <u>Financial liabilities</u> | | | | | |
| Short-term loans from financial | | | | | |
| institutions | 2,153 | - | - | 2,153 | 1.48 - 2.00 |
| Trade and other payables | - | - | 127 | 127 | - |
| | 2,153 | - | 127 | 2,280 | |

(Unit: Million Baht)

| | 2020 | | | | |
|---------------------------------|----------------|---------------|---------------|-------|---------------|
| | Fixed | Floating | Non- interest | | Effective |
| Separate financial statements | interest rates | interest rate | bearing | Total | interest rate |
| | within 1 year | | | | (% per annum) |
| <u>Financial assets</u> | | | | | |
| Cash and cash equivalents | - | 253 | - | 253 | 0.10 - 0.13 |
| Trade and other receivables | - | - | 747 | 747 | - |
| | - | 253 | 747 | 1,000 | |
| <u>Financial liabilities</u> | | | | | |
| Short-term loans from financial | | | | | |
| institutions | 1,688 | - | - | 1,688 | 1.47 - 2.32 |
| Trade and other payables | - | - | 115 | 115 | - |
| | 1,688 | - | 115 | 1,803 | |

Liquidity risk

The Group monitors the risk of a shortage of liquidity through the use of short-term loans from financial institutions. As at 31 December 2021, the Group has undrawn credit facilities from several banks, as described in Note 13 and consequently has sufficient working capital.

The table below summarises the maturity profile of the Group's non-derivative financial liabilities and derivative financial instruments as at 31 December 2021 and 2020 based on contractual undiscounted cash flows:

| (Unit: Thousand Baht) | | | |
|--|------------------|--------------|--------------|
| Consolidated/Separated financial statements | | | |
| As at 31 December 2021 | | | |
| | Less than 1 year | 1 to 5 years | Total |
| Non-derivatives | | | |
| Short-term loans from financial institutions | 2,161 | - | 2,161 |
| Trade and other payables | 127 | - | 127 |
| Lease liabilities | 12 | 43 | 55 |
| Total non-derivatives | 2,300 | 43 | 2,343 |
| Derivatives | | | |
| Derivative liabilities: gross settled | | | |
| Cash outflows | 1 | - | 1 |
| Total derivatives | 1 | - | 1 |

| (Unit: Thousand Baht) | | | |
|--|------------------|--------------|--------------|
| Consolidated/Separated financial statements | | | |
| As at 31 December 2020 | | | |
| | Less than 1 year | 1 to 5 years | Total |
| Non-derivatives | | | |
| Short-term loans from financial institutions | 1,688 | - | 1,688 |
| Trade and other payables | 115 | - | 115 |
| Lease liabilities | 12 | 51 | 63 |
| Total non-derivatives | 1,815 | 51 | 1,866 |

25.3 Fair values of financial instruments

Since the majority of the Group's financial instruments are short-term in nature or carrying interest at rates close to the market interest rates, their fair value is not expected to be materially different from the amounts presented in the statement of financial position.

During the current year, there were no transfers within the fair value hierarchy.

26. Capital management

The primary objective of the Group's capital management is to ensure that it has appropriate capital structure in order to support its business and maximise shareholder value.

As at 31 December 2021, the Group's debt-to-equity ratio was 0.85:1 (2020: 0.82:1) and the Company's was 0.85:1 (2020: 0.83:1).

27. Events after the reporting period

On 22 February 2022, the Company's Board of Directors meeting passed a resolution to propose the payment of a dividend to the shareholders of Baht 0.84 per share, or a total of Baht 554.40 million. However, this resolution will be further proposed for the shareholders' approval in the 2022 Annual General Meeting of the Company's shareholders.

28. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 22 February 2022.



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