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2018



Annual Report

CAZ (THAILAND) PUBLIC COMPANY LIMITED



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Vision and Mission



Vision

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

Mission

- ▶ To offer professional project services with the potential to be provider of steel processing, fabrication, and installation service.
- ▶ To develop engineering service capabilities and drive towards international markets.
- ▶ To be the leader in providing integrated engineering services (EPC player) with strong presence in Asia Pacific.

Message from Chairman of the Board

On behalf of the Board of Directors, I would like to express my heartfelt congratulations to all executives and personnel who have devoted their efforts in achieving a key milestone in the successful listing of CAZ (Thailand) Public Company Limited on the Stock Exchange of Thailand (mai) and Initial Public Offering (IPO) and first trading on 22 January 2019. I believe joint efforts of the Board of Directors, executives, and personnel will continue to drive the Company forward into conquering a more challenging business environment.



Since its establishment in 2014, executives and personnel of CAZ (Thailand) Public Company Limited worked tirelessly in integrating various engineering skillsets, experience in EPC, and professional project management in the timely execution and delivery of safe, environmental-friendly, high quality projects, leading to acceptance by key players in the field of petroleum, petrochemical, and energy in Thailand. In the past 5 years, the Company has achieved continuous growth in revenue and profits, indicating high devotion to success of the Company's executives and personnel.

2019 would be more challenging than 2018 given the complexity of business environment of large-scale construction and variability in risk factors and business situations. Thus, the Board of Directors and executives place emphasis on business operations in accordance with good corporate governance principles which would create efficiency, continuous growth, and value to shareholders, coupled with improvements in the Company's internal control system, caution in management, and emphasis on business ethics such that partners and all stakeholders receive fair and equitable mutual benefits.

A handwritten signature in blue ink, consisting of stylized, cursive letters that appear to read 'N. Tavornvisitporn'.

Mr. Narongrit Tavornvisitporn
Chairman of the Board / Independent Director

Message from the Chief Executive Officer



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

In 2018, Thailand’s economic growth rate stood at 4.4 percent, according to the Bank of Thailand. The increase in economic growth rate compared to the previous year of 3.9 percent in 2017 due to the government set up of the Eastern Economic Corridor (EEC) in 2017, which is an international strategic plan under the scheme of Thailand 4.0 with investment plans in infrastructures supporting 10 target industries. Investment plans include the expansion of Map Ta Phut Industrial Port Development Project Phase 3, aimed to enhance the transportation of liquid goods such as oil, gas, and petrochemical. The project will cover 3 provinces, namely Chonburi, Rayong, and Chachoengsao. As a result, petrochemical businesses are starting to expand their investment and production in LNG projects, which are constructed over a 5-year period from the inception of the project in 2017, to support the potentially increasing demand of LNG in Thailand.

From the support of the government, the Company could achieve its goals by building and gaining trust and confidence from both customers and main contractors, as seen from the continuously increasing number of projects that the Company was hired and awarded. Moreover, with the company’s objective which deliver projects by Contract’s schedule, including the efficiency cost control. Lead, the Company’s consolidated financial statements showed an increase in revenues from THB 1,019.29 million in 2017 to THB 1,387.08 million in 2018, equivalent to a 36.08 percent increase. The Company also has backlog of over THB 2,000 million.

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

A handwritten signature in blue ink, appearing to read 'Chung Sik Hong', written in a cursive style.

Mr. Chung Sik Hong

Chairman of the Executive Committee / Chief Executive Officer

General Information and Other Important Information

General Information

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

Information on Other Related Parties

Auditor	: PricewaterhouseCoopers ABAS Limited 15th Floor, Bangkok City Tower, 179/74-80 South Sathorn Road Tungmahamek, Sathorn, Bangkok 10120 Telephone: 02-344-1000
Internal Auditor	: Dharmniti Internal Audit Company Limited 5th Floor, Dharmniti Building, 178 Soi Prachacheun 20, Prachacheun Road, Bangsue, Bangkok 10800 Telephone: 02-596-0500
Securities Registrar Common Shares	: Thailand Securities Depository Company Limited The Stock Exchange of Thailand, 62 Ratchadapisek Road, Klong Toei, Bangkok 10110 Telephone : 0 2229-2800 Fax : 0 2359-1259

Board of Committee



Mr. Narongrit Tavornvisitporn
Independent Director/
Chairman of the Board of Directors/
Audit Committee Member/
Nomination and Remuneration Committee Member



Mr. Suthi Thum-Umnausuk
Independent Director /
Chairman of the Audit Committee /
Nomination and Remuneration Committee Member



Mr. Yingyong Techarungnirun
Independent Director /
Audit Committee Member



Mr. Chung Sik Hong
Director / Chairman of the Executive Committee /
Chief Executive Officer/ Chairman of the Risk
Management Committee



Mr. Prasert Treeveeranuwat
Director /
Executive Committee Member /
Risk Management Committee Member



Ms. Nita Treeveeranuwat
Director/
Executive Committee Member



Mr. Somchai Kanbuakaew
Director/
Executive Committee Member /
Risk Management
Committee Member /
Chairman of the Nomination and
Remuneration Committee



Ms. Kanchana Rimpanichayakij
Director



Mr. Charoenchai Amnatsomboonsuk
Director

Executive Committee



Mr. Chung Sik Hong
Chairman of the Executive
Committee



Mr. Prasert Treeveeranuwat
Executive Committee Member



Ms. Nita Treeveeranuwat
Executive Committee Member



Mr. Somchai Kanbuakaew
Executive Committee Member



Mrs. Thitima Tanapakit
Executive Committee Member



Ms. Phornthiphat Khantheevit
Chief Financial Officer

Report of the Audit Committee

Dear Shareholders,

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

In year 2018, the Audit Committee held seven meetings, occasionally with the management, internal auditors, and independent auditors to discuss on relevant issues, as summarized below.

Review of the Financial Statements

The Audit Committee has reviewed quarterly and annually consolidated and company financial statements for the year 2018 of CAZ (Thailand) Public Company Limited. All of which were prepared and conducted according to Thai Financial Reporting Standards (TFRS) and Thai Accounting Standards (TASs) with accuracy and adequately information disclosed. In addition, the Audit Committee had held seven independent meetings with the independent auditors in the absence of the management so as to freely discuss important issues in preparing the financial statements, adjusting entries materially affecting the statements, adequacy and suitable of accounting entry methods, auditing scope, disclosure which benefits for the intended users and disclosure in accordance with Thai Financial Reporting Standards and Thai Accounting Standards and , as well as the independence of auditors. This is to ensure that preparation of the financial statements is complied with the company's legal compliance, financial reporting standards, accounting standards, and generally accepted accounting principles. The Audit Committee has reviewed and approved that the Audited Financial Statements, with unqualified audit opinion, is free of material misstatements.

Review of the Risk Assessment

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

Review of the Internal Control and Audit System

The Audit Committee has reviewed the assessment results of the internal control system prepared by internal auditors and found that the system is appropriate for the Company's operation which covers significant risk factors and has effective performance as well as and a continuous development in both personnel and audit operation according

with international standards. There is no material deficiency impacting the company financial statements that the finding corresponds to the independent auditors' opinion.

In addition, the Audit Committee has considered and approved the internal audit plan for the year 2019 which is conducted according to risk basis of the Company. The Audit Committee also provided scope of the internal audit to cover all significant business transactions and operation.

Review of the Corporate Governance and Regulatory Compliance

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

Appointment of the Certified External Auditors

The Audit Committee was satisfied with the independence, professionalism and expertise, and quality of the existing auditors. Thereby, the Audit Committee presented to the Board of Directors, and the Board of Directors has passed the resolution to seek an approval by shareholders in the Shareholder Meeting for the appointment of Mr. Boonlert Kamolchanokkul Certified Public Accountant (Thailand) No. 5339; and/or Mr. Kajornkiet Aroonpirodkul , Certified Public Accountant No.3445; and/or Mr. Chanchai Chaiprasit, Certified Public Accountant No.3760 of PricewaterhouseCoopers ABAS Limited as the Company and its subsidiaries independent auditors for the fiscal year 2019.

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

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

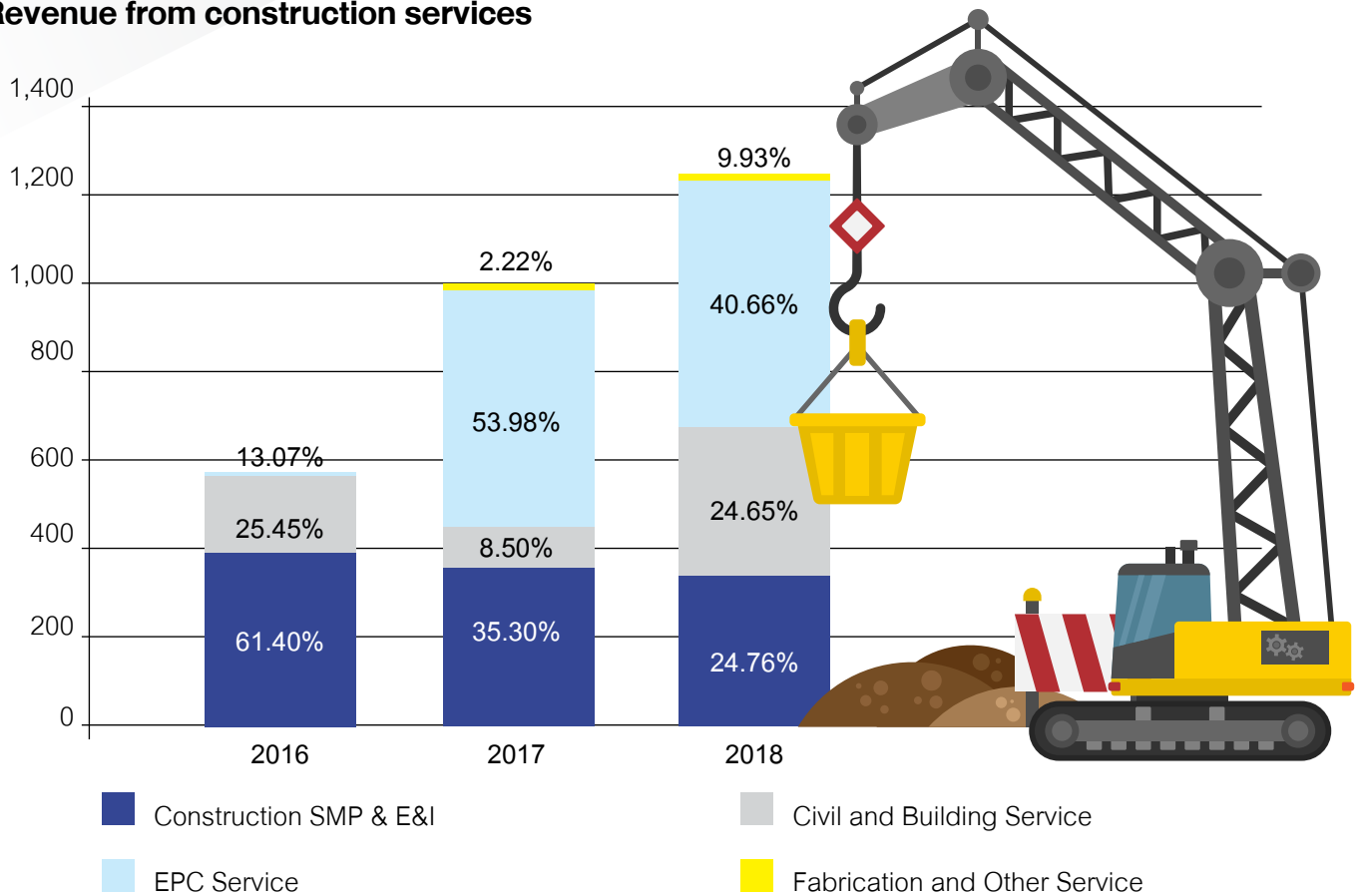
In summary, the Audit Committee has performed their assigned duties as specified in the Audit Committee Charter which is approved by the Company's Board of Directors. The Audit Committee carried out the responsibilities by using knowledge, prudence, and adequate independence for interests of stakeholders equally. The Audit Committee agrees that the Financial Reports of the Company for the year 2018 were accurate, reliable, sufficiently disclosed, and prepared in accordance with generally accepted accounting principles. The Company's risk management process is proper and the overall internal control system of the Company is effective and appropriate for the operations. The business has complied with all laws, regulations, and obligation related to the business as well as sufficiently integrated corporate governance with work performance leading to transparency and reliability. The Audit Committee also agrees that the Company continuously improved its operation systems to be higher quality and appropriate of its business environment.



(Mr. Suthi Thum-Umnausuk)
Chairman of the Audit Committee

Financial Highlights

Revenue from construction services



Revenue from construction services	2016		2017		2018	
	Million Baht	%	Million Baht	%	Million Baht	%
1. Engineering, Procurement, Construction (EPC Service)	0.58	0.08	550.23	53.98	563.97	40.66
2. Structure Mechanic and Piping (SMP) and Electrical & Instrument service (SMP & E&I Service)	399.89	61.40	359.85	35.30	343.49	24.76
3. Civil and Building Service	165.74	25.45	86.66	8.50	341.85	24.65
4. Fabrication and Other Service	85.09	13.07	22.55	2.22	137.77	9.93
Total revenue from construction services	651.30	100.00	1,019.29	100.00	1,387.08	100.00

Profitability's	2016		2017		2018	
	Million Baht	%	Million Baht	%	Million Baht	%
Gross profit	75.25	11.55	101.75	9.98	145.99	10.52
Profit attributable to owners of the parent	11.08	1.69	22.91	2.24	52.98	3.81

Statement of Financial Position

Assets	2016	2017	2018
Cash and cash equivalents	7.48	91.98	35.22
Trade and other receivables	125.09	165.67	208.40
Unbilled receivables	50.21	88.85	273.72
Property, plant and equipment	316.72	314.79	357.14
Other assets	61.89	67.84	275.28
Total assets	561.39	729.13	1,149.76
Liabilities and equity			
Trade and other payables	71.92	171.60	286.57
Advance received from construction contracts and construction income received in advance	32.69	163.81	422.43
Long-term borrowing from banks	259.62	220.98	182.34
Other liabilities	99.20	31.23	96.82
Equity	97.96	141.51	161.60
Total liabilities and equity	561.39	729.13	1,149.76



Highlight Project

PTT Midline Compressor Station (SMP / E&I)



PTT Tank New Propylene Storage Tank(EPC)



PTTLNG Cold Water Generation Plant (EPC)

PTTGC Olefins Reconfiguration(SMP)



PTT LNG In-Plant Power Generation(Civil & SMP)

PTTGC Propylene Oxide(Civil)



PTT Wangnoi Compressor Station (Civil & SMP)

Business Operations

Policy and Overview of Business Operations

1. Strategy and Business Goals

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

Strategy

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

Business Goals

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

2. Major Changes and Milestones

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

2014

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

2015

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

2016

- ▶ On 7 April, the Company issued 40,000 new shares for a total amount of THB 4.00 million to TT to increase TT's shareholding portion in the Company from 47.72% to 51.30%, changing the Company's status as being TT's associate company to being a subsidiary, with paid-up capital of THB 58.50 million, comprising of 585,000 shares with par value of THB 100 per share.
- ▶ On 27 April, the Company purchased land, together with office building and factory building, covering 108 rais and equipment for a total value of THB 285.00 million, located at 239 Huaypong-Nongbon Road, Huaypong Sub-district, Muang Rayong District, Rayong from TWRE as the land owner of the Company's originally leased space faced financial issues resulting in the Company not being able to continue with the lease coupled with factory space being insufficient for potentially increasing usage. The Company took out THB 35.00 million of loans from TT and THB 250.00 million of loans from Siam Commercial Bank with loan tenor of 7 years, totaling THB 285.00.
- ▶ On 1 June, the Company invested in JKEC Company Limited (JKEC), a civil and foundation work construction service provider founded by Mr. Jeong Kyu Choi, an engineer experienced in civil engineering with for over 7 years. The Company held 21,000 shares in JKEC, reflecting shareholding portion of 51.22% of paid-up capital, as part of cost control initiative for projects undertaken by the Company involving civil and foundation work.

2017

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

2018

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

On January, 2019, the Company offered 80,000,000 new shares to the public for the first time by issuing new shares to the public at a price of Baht 3.90 per share, totaling Baht 312 million. The Company's shares were started trading on 22 January 2019. The fund raised would be used as for collaterals for bank loans totaling THB 100 million, the large project bids and working capital totaling THB 172 million as well as equipment purchasing totaling THB 40 million.

Business Overview

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

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

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

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

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

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

3. Group Structure

As at 31 December 2018, the Company's group structure is as follows.

CAZ (Thailand) Public Company Limited (CAZ)

73.17%

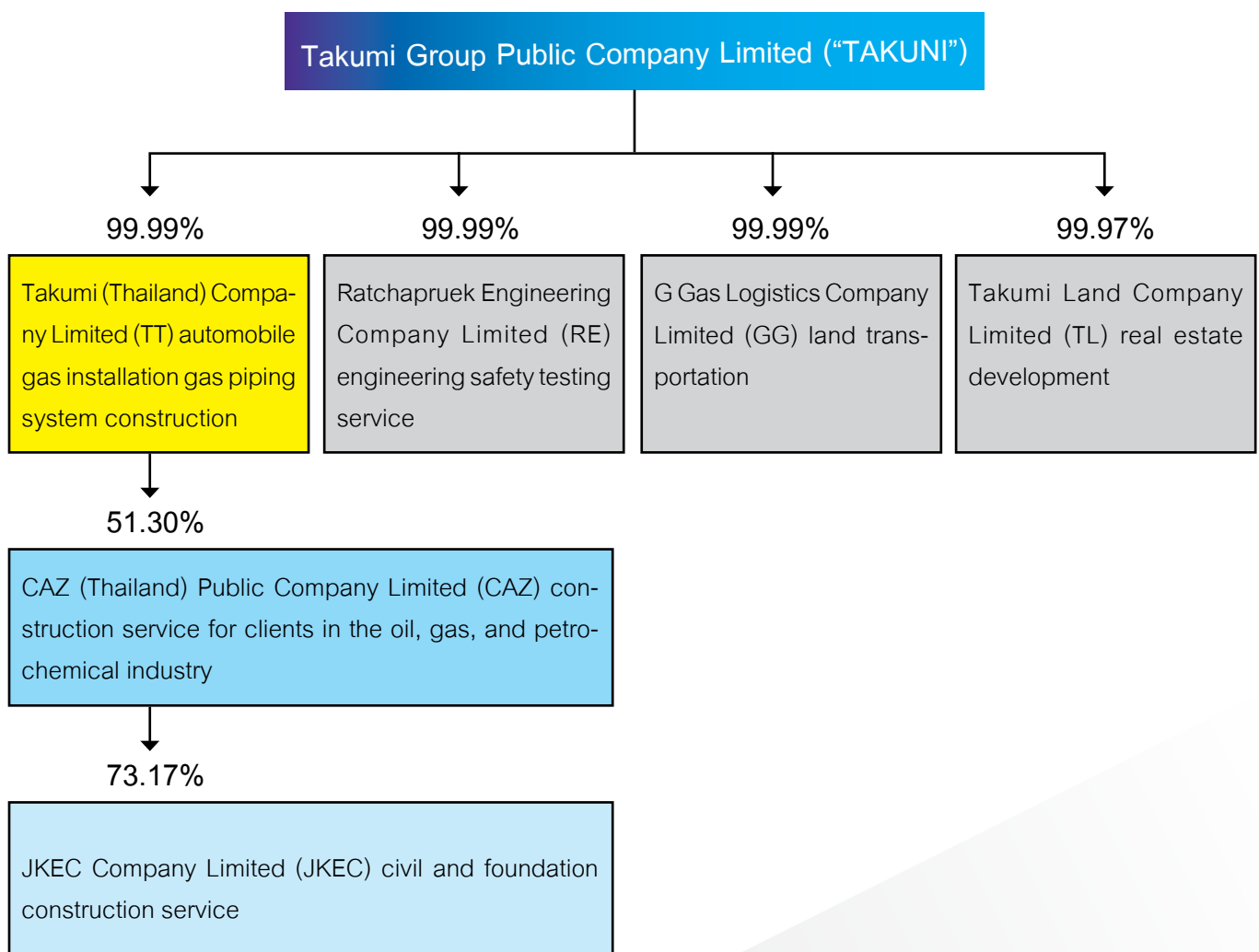
JKEC Company Limited (JKEC)

JKEC Company Limited (JKEC) was established on 29 January 2016 with initial registered of capital of THB 2.00 million (20,000 shares, per value THB 100 per share). It later increased its registered capital to THB 4.10 million on 10 May 2016, with the Company purchasing 21,000 of JKEC's shares, equivalent to 51.22% shareholding portion, making JKEC the Company's subsidiary. On 28 September 2018, the Company purchased 9,000 shares of JKEC from Mr. Chang Goo Kim, resulting in the Company holding a total of 30,000 shares leading to an increase in the Company's shareholding portion in JKEC from 51.22% to 73.17%.

4. Business Relationship with Major Shareholders as at 31 December 2018

Major shareholders are divided into

1. Executives holding 48.70% of paid-up capital
2. Takuni (Thailand) Company Limited, subsidiary of Takuni Group Public Company Limited, holding 51.30% of paid-up capital, with details on TAKUNI's group structure as follows



After CAZ's IPO in January 22, 2019, CAZ would still retain its status as TAKUNI's subsidiary and TAKUNI would continue to prepare consolidated financial statements.

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

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

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

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

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

4.2 Related Party Transactions Which May Occur in the Future

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

In 2018, TAKUNI's subsidiary was awarded a gas storage construction project from a certain company, which TAKUNI subcontracted the work to CAZ. TAKUNI has made price comparison between contractors and CAZ prepared its proposal in accordance with normal terms comparable to those which CAZ proposed to other clients, such that the transactions of both TAKUNI and CAZ are in accordance with normal terms of trade. In addition, CAZ's financial advisor (S14 Advisory Company Limited) and internal auditor has reviewed such transaction and see that the price and terms of trade for the services CAZ provided to TAKUNI's subsidiary, compared to services CAZ provided to third parties, had similar margin and terms of trade. The Audit Committee has also considered such transaction and gave the opinion on appropriateness of the price.

Nature of Business

1 Revenue structure

Revenue structure for 2016 - 2018 by the business segment could be divided into 4 categories as follows.

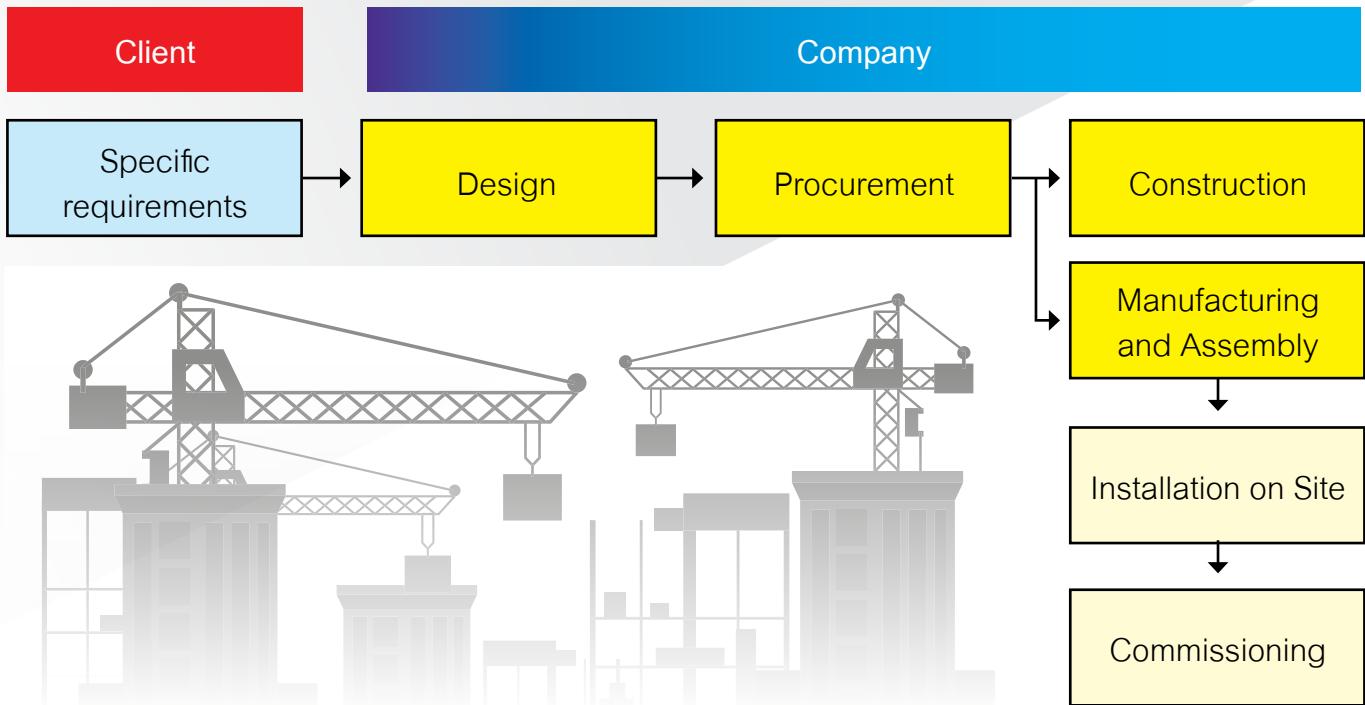
Revenue Structure	2016		2017		2018	
	Million Baht	%	Million Baht	%	Million Baht	%
1. Engineering, Procurement and Construction (EPC) Service	0.58	0.09	550.23	53.84	563.97	40.58
2. SMP & E&I Services	399.89	61.00	359.85	35.21	343.49	24.71
3. Civil and Building Service	165.74	25.28	86.66	8.48	341.85	24.60
4. Fabrication and Other Service	85.09	12.98	22.55	2.21	137.77	9.91
Total Revenue from services	651.30	99.35	1,019.29	99.74	1,387.08	99.80
Other income^{1/}	4.25	0.65	2.69	0.26	2.79	0.20
Total revenue	655.55	100.00	1,021.98	100.00	1,389.87	100.00

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

2 Description of Business

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

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



The kinds of services could be categorized as follows.

1.1 Engineering refers to engineering design as per client request. The Company employs highly-skilled engineers with expertise and technical knowledge about civil and architectural, structural, mechanical and piping, electrical, and instrument. The in-depth understanding of construction procedure and process allows the Company perform fully-integrated structural, civil and infrastructure services. The cost reduction about sub-contractor through internal-external team-design and coordination makes the Company manage our business most effectively.

1.2 Procurement refers to the procurement of construction materials and related equipment for use in construction and installation in accordance with operational procedures which was laid out by the Company as per client request. The Company is trusted to carry out procurement service along with construction service, in which the Company will procure all related equipment and machinery required for the project in conjunction with negotiation with suppliers covering cost, terms and conditions, quality control, and coordination with vendors to assure timely handling of materials, equipment and machinery to comply with overall project timeline. Clients such as affiliated companies like PTT Public Company Limited (PTT Group) often set out required material and equipment specification and a list of qualified vendors. The majority of Company's clients where operate natural gas, petroleum and petrochemical businesses entitled to investment incentives provided by the Board of Investment (BOI). As such, the Company commands extensive knowledge and experience in the procurement and import procedure of offshore machinery in accordance to the conditions set by the BOI.

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

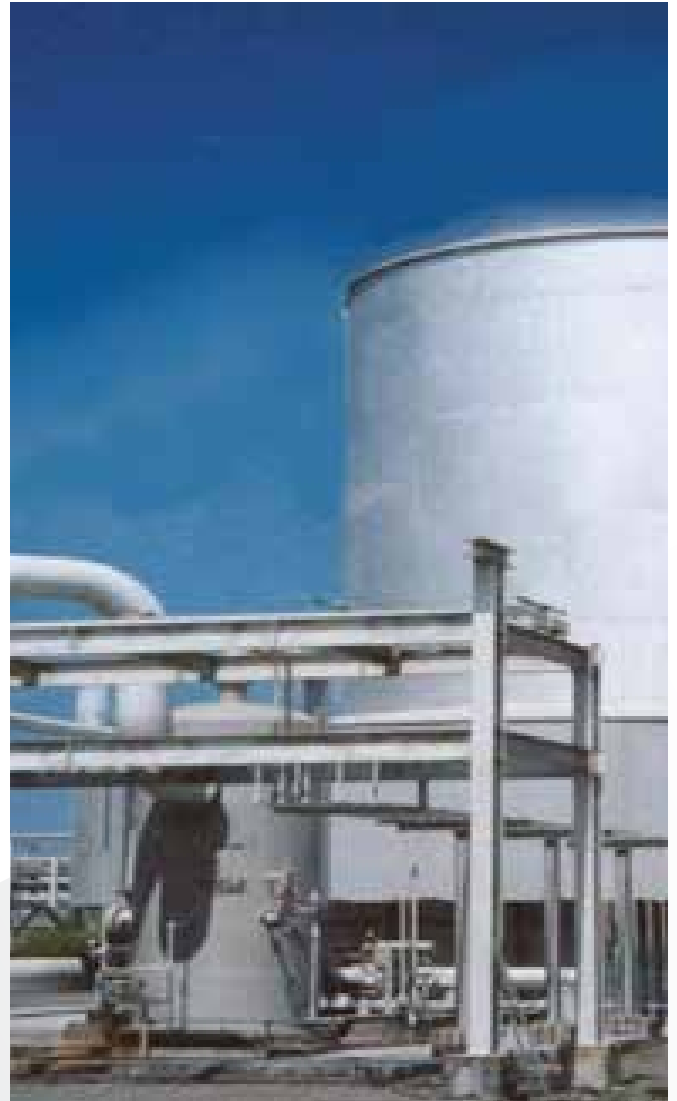
Projects Example of EPC Service



Project Name: PTT LNG Cold Water Facilities

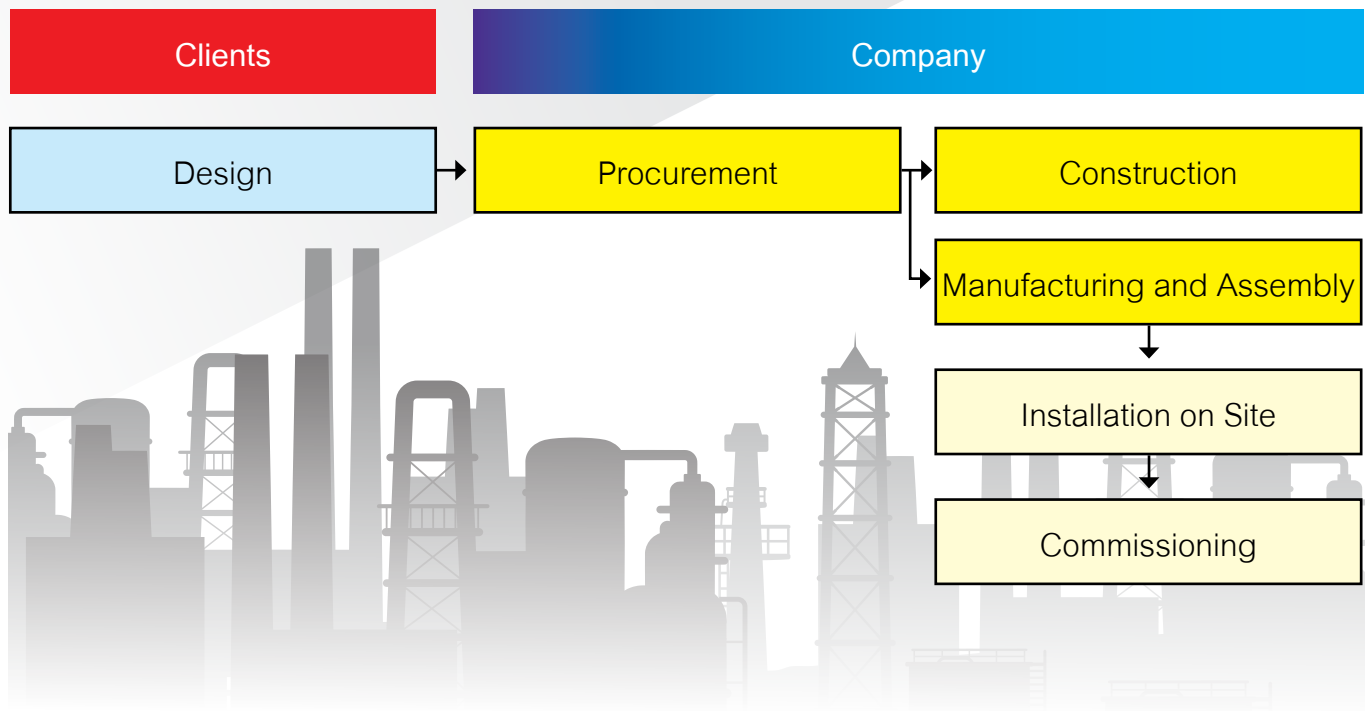


Project Name: PTT Tank Terminal



Project Name: BCP Enclosed Ground Flare (EGF)

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



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

2.1 Steel Structure The Company fabricates, procures, assembles and installs steel structure both inside and outside of the building to support pipe bridge and pipe rack, as well as to create a foundation for heavy equipment and machinery for industrial uses such as oil refinery plant, petrochemical plant, and power plant in accordance with clients' request before (progressing to on-site) installation on site.

2.2 Mechanical work The Company procures, assembles and installs machinery and equipment as per clients' request.

2.3 Piping The Company assembles, installs (this includes the assembly, installation,) and welding of pipes used in transmission pipeline of liquid and gas, such as oil and solvents, in accordance with the design instruction set for industrial factories such as petrochemical plant, oil refinery plant and power plant. Most of the time clients would prepare customized pipes from overseas or through importers because it is mostly unable to be produced locally, with the customized pipes usually made from specialized metal materials that contain special properties. Such customized pipes are seamless steel pipes with large diameter, thicker when compared to standard industrial pipes such as carbon steel (pipes), stainless steel (pipes), and alloy (pipes), produced from various mix of metal materials including carbon, nickel, stainless steel, and titanium alloys depending on the requirement. The assembly and installation of such customized pipes require special technique and technical expertise such as x-ray or post-weld heat treatment to release internal pressure, to deliver products that meet quality standards. As these pipes will be used in heavy industries, attention needs to be given to the properties they hold including pressure level, heat, pH balance, and resistance to corrosion to prevent damage to the overall production process.

2.4 Electrical & Instrument Service The Company procures, assembles and installs of machinery, equipment, and control electrical system as per clients' request, as well as Pre-commissioning and commissioning.

Examples of Steel Structure Construction Services



Project Name: PTT Midline Compressor Station



Project Name: PTT LNG Receiving Terminal Expansion



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



Project Name: PTT LNG In-Plant Power Generation

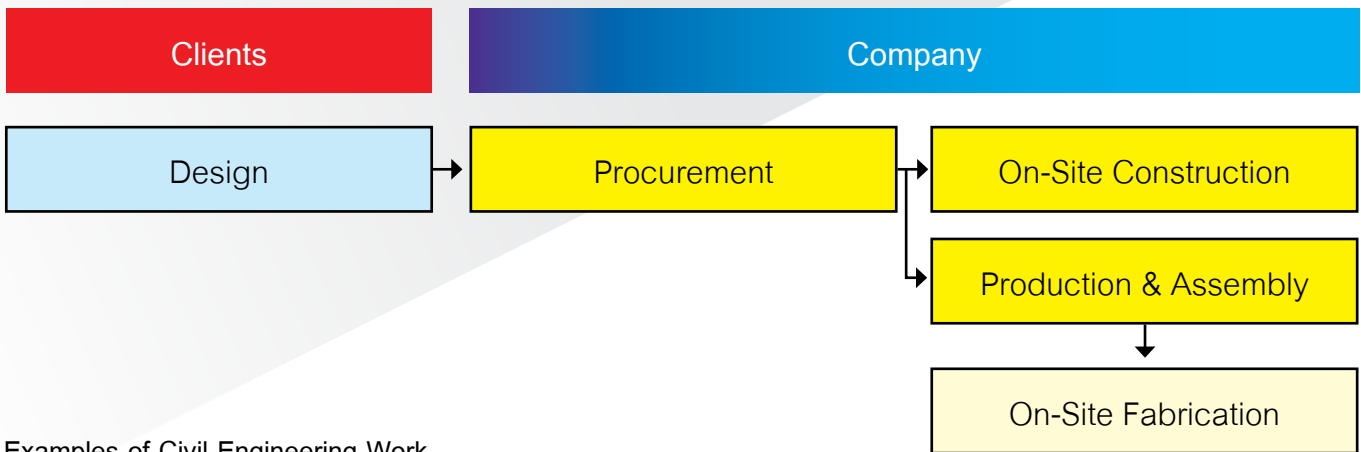


Project Name: PTT Wangnoi Compressor Station



Project Name: PTTGC Olefins Reconfiguration

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



Examples of Civil Engineering Work



Project Name: TOP 202MW Small Power Producer Building



Project Name: Thai Oil LAB



Project Name: PTT LNG In-Plant Power Generation



Project Name: PTTGC Wangnoi Compressor Station

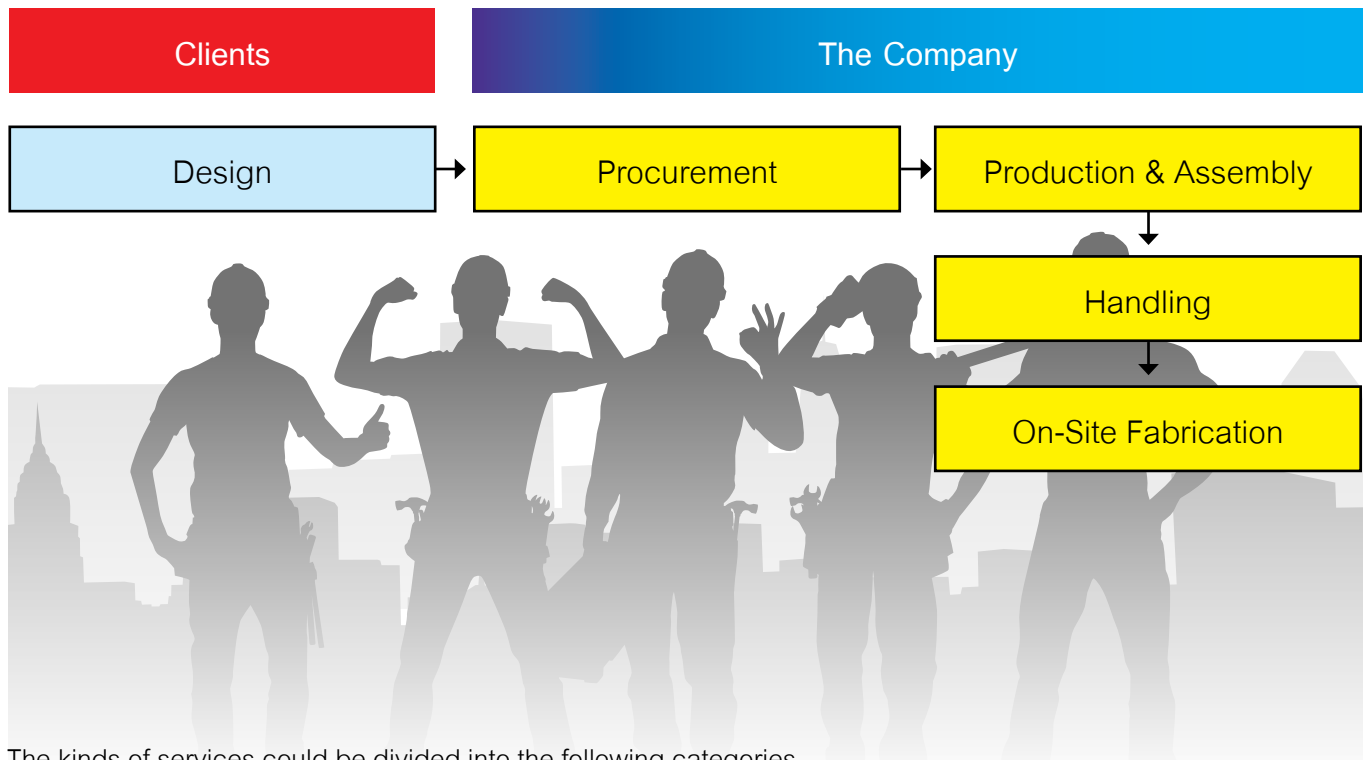


Project Name: BCP TBCR



Project Name: PTTGC Propylene Oxide

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



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

4.1 Shop Fabrication The Company provides steel fabrication service to produce various structural steel parts through the cutting, bending, welding, and assembling of main raw materials including steel, steel pipes, and steel plates per clients' request. The Company produces custom-made steel fabrication in a variety of sorts with details as follows.

- ▶ **i. Steel Structure** The Company will be responsible for steel structure fabrication, procurement, assembly, and delivery to clients.
- ▶ **ii. Piping** includes cutting, bending, or welding to shop specification, as well as assembling and installing as per clients' request. A third party X-Ray or heat treatment must be applied to remove the induced internal pressure as part of quality standard inspection upon the completion of piping work before delivery to clients.

4.2 Tanks Fabrication The Company provides services in manufacturing industrial-grade liquid tanks and gas tanks such as metal tank and sphere tank through cutting, bending, welding, rolling, and assembling of raw steel materials into tanks as required by clients, most of which have diameters of no more than 30 meters.

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

Examples of Shop Fabrication Work



Steel Structure



Furnace & Heater



Bending Work



Drilling and Cutting Work



Heat Pipe Fabrication



Heat Exchanger Fabrication

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

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

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

Work Safety

The Company recognizes the importance of work safety, provides safety training to all personnel prior to commencement of work operations, provides sufficient safety equipment for its personnel, as well as arranges for specialized safety officers to be assigned to every project, resulting in the achievement of receiving ISO 9001:2015 certification for its work safety management matching that of international standards. Additionally, the Company has been well recognized by its clients for high work safety level demonstrated in historical projects' operational performance such that the Company received several certificates of recognition from both clients and government as follows.

Project	Certificate received
PTTGC Aromatics Debottlenecking	2 Million hours of operation without major work accidents resulting in halt of operations
TOP SPP Project	6 Million hours of operation without major work accidents resulting in halt of operations
PTT WCS Project	White Factory Level 1 by managing medication system, resulting in no drug addiction.

Work safety statistics in 2016 – 2018 are as follows.

Year	Statistics			IFR	LTIR	Working Hours
	MTC	LTI	FC			
2016	2	0	0	0.09	0	4,312,255
2017	5	0	0	0.41	0	2,435,799
2018	2	0	0	0.09	0	4,353,957

Remark:

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

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

FC – Fatalities Case

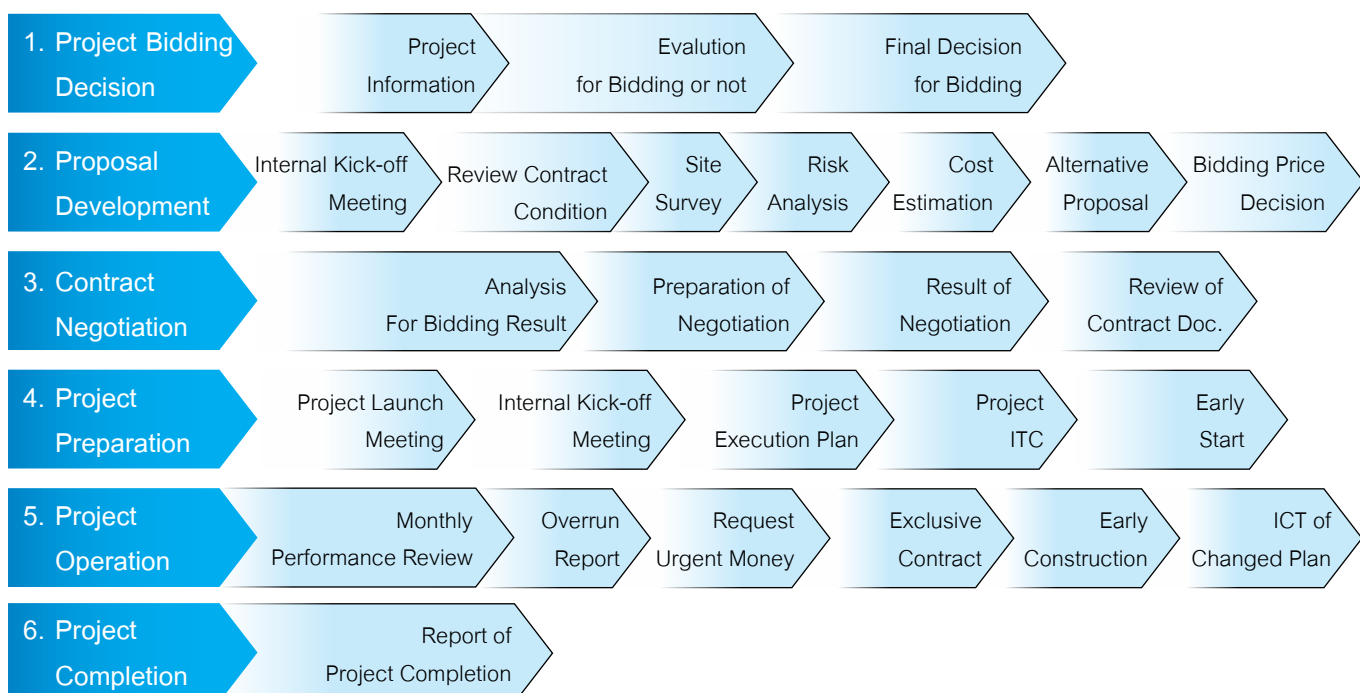
IFR – Incident Frequency Rate

LTIR – Lost Time Incident Frequency Rate

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

Work process, Control and Project Management

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



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

3. Benefits

– None –

4. Marketing Nature of Competition

4.1 Policies and Nature of Marketing

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

1) Product quality and service

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

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

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

2) Diversity of products and services

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

3) Timely delivery and service quality

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

4) Management efficiency

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

5) Personnel Development

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

4.2 Target customers and Distribution channels

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

Revenue Contribution by Project Type

Unit: THB Million

Revenue by project type	2016		2017		2018	
	Amount	%	Amount	%	Amount	%
Petrochemical	125.96	19.34	20.20	1.98	419.73	30.26
▶ PTT and its subsidiaries ¹	125.96	19.34	20.20	1.98	357.95	25.81
▶ Other companies ²	-	-	-	-	61.78	4.45
Gas	403.78	61.99	1,000.51	98.16	807.45	58.21
▶ PTT and its subsidiaries ¹	403.78	61.99	1,000.51	98.16	807.45	58.21
▶ Other companies ²	-	-	-	-	-	-
Power plant	3.50	0.54	(1.76)	(0.17)	159.90	11.53
PTT and its subsidiaries ¹	3.50	0.54	(1.76)	(0.17)	159.90	11.53
Other companies ²	-	-	-	-	-	-
Others	118.06	18.13	0.34	0.03	-	-
Total	651.30	100.00	1,019.29	100.00	1,387.08	100.00

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

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

4.3 Hiring and selecting target projects

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

(1) Main Contractor

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

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

(2) Project Owner

The Company works as main contractor with project owners who have plans to expand their investments, branches, production, and/or improve existing projects. Most clients are existing clients who have maintained good relationship with the Company. This type of contract is usually done through bids where the project owner will consider business

profile and then contact the Company for the bidding process. At present, the Company intends to focus more on obtaining projects directly from project owners to increased.

Revenue by the type of contract in 2016 - 2018

Unit: THB Million

Type of the contract	2016		2017		2018	
	Revenue	%	Revenue	%	Revenue	%
Main Contractor	641.39 ¹	98.48	469.09 ²	46.02	829.06 ³	59.77
Project Owner	9.91	1.52	550.20	53.98	558.02	40.23
Total	651.30	100.00	1,019.29	100.00	1,387.08	100.00

Note : ¹Korean companies accounted for 42.02%

² Korean companies accounted for 12.94%

³ Korean companies accounted for 57.69%

4.4 Industry and Competition

4.4.1 Industry and Market Trend

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

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

- ▶ Construction of power plants aimed to support domestic investment
- ▶ Establishment of National Information Center for Energy
- ▶ Power plant sites proposed by the public for the first time
- ▶ Adjustment of energy sourcing plan for electricity, natural gas, and oil by the government
- ▶ Amendment of the electricity management structure and promotion of electricity liberalization in alternative energy
- ▶ Exploring the opportunity to develop into Regional LNG Trading Hub
- ▶ Commence a new economic foundation from petrochemical
- ▶ Determine investment direction and development of electric vehicles
- ▶ Establish laws and relevant regulations regarding energy conservation and efficient use of energy such as the implementation of Building Energy Code (BEC) and the implementation of Thailand's Energy Service Company (ESCO) for government agencies

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

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

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

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

4.4.2 Competition

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

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

4.5 Procurement and Related Services

Recruitment of Labor

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

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

Procurement and Disbursement of Materials

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

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

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

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

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

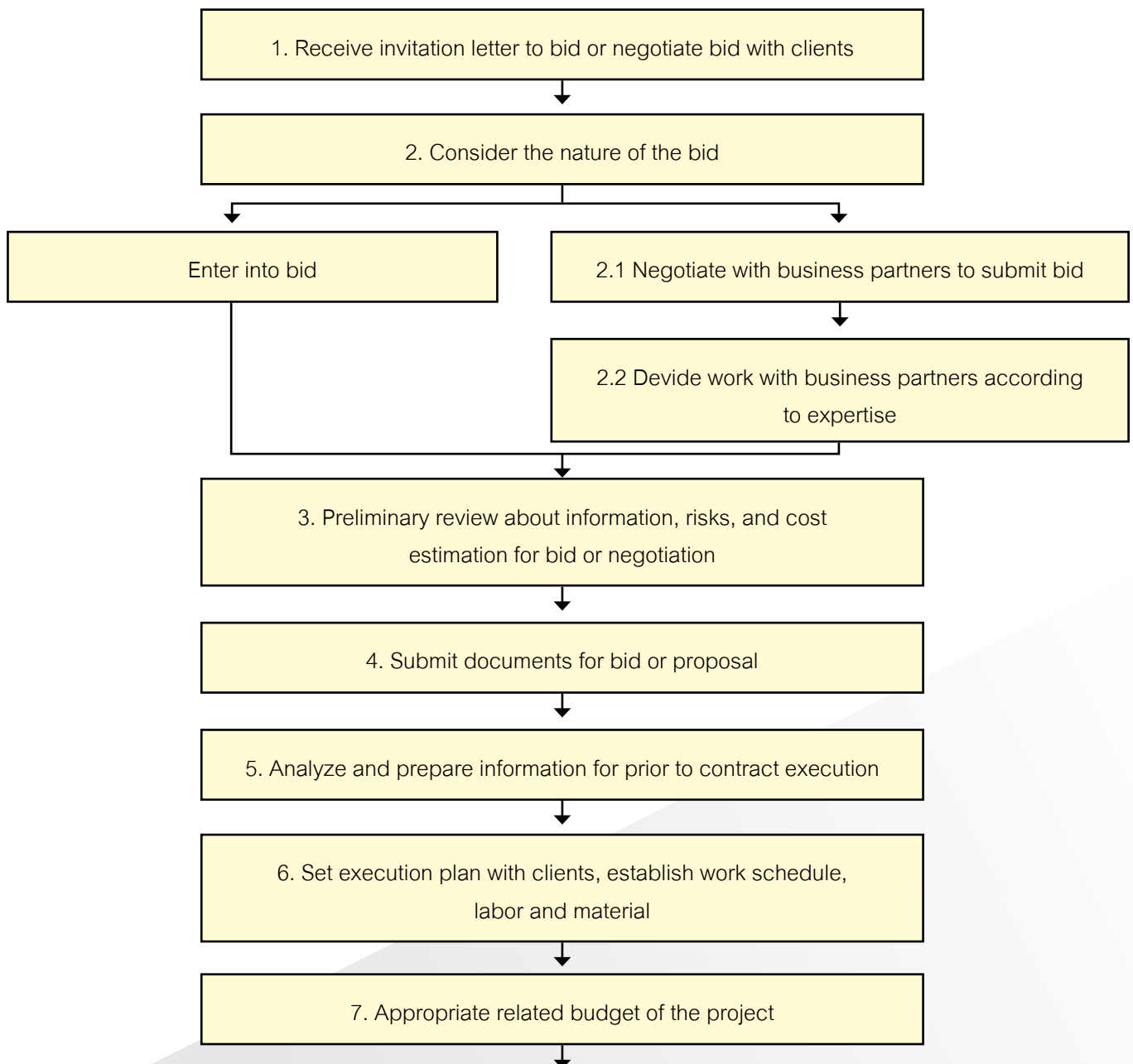
Sourcing for Bids

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

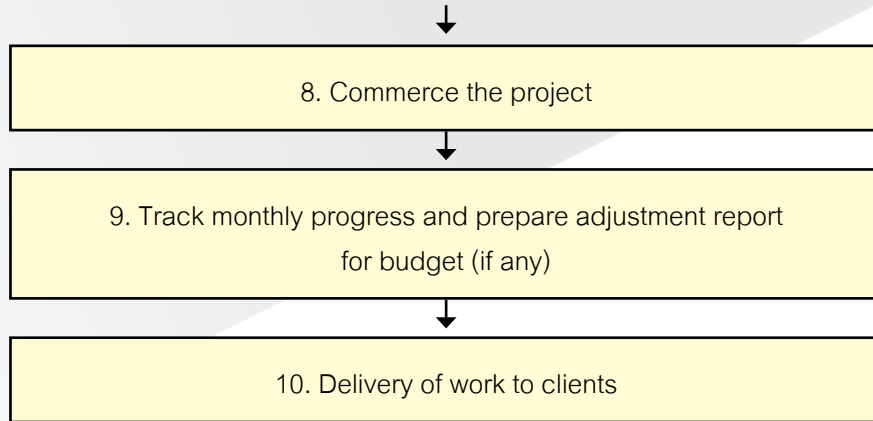
In a bid, the Company must submit a bid bond for the project of approximately 10% of a neutral price. After the Company has been selected by the client, the Company must enter into a procurement contract with the client together with a performance bond and advanced payment bond where the contractor will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

Work Procedure

Work procedure for contractor service



Work procedure for contractor service (Continue)



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

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

4.6 Environmental Impact

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

- ▶ The measurement of heat, light, color, and sound – the Company has a policy on inspection according to Article 15 of the Ministerial Regulation on the establishment of management standard. in terms of occupational health and safety concerning heat, light, and sound, B.E. 2549.
- ▶ Fire extinguishment training and fire evacuation training, according to Ministerial Regulation Articles 27 and 29.
- ▶ Inspection of wastewater from the factory.

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

4.7 Value of backlog projects as at 31 December 2018

Project	Nature of Work	Type of Work	Project Commencement – Expected Completion	Project Value (THB million)	Project Progress (%)	Value Recognized as Revenue (THB million)	Value Not Yet Recognized as Revenue (THB million)
1 Engineering design, procurement of machinery and equipment, and construction and installation of enclosed ground flare (EGF) for Bangchak	Main Contractor	EPC	April 2018 – June 2019	271.83	1.66	31.69	240.14
2 New olefins project with structure, mechanical, Piping, Painting for PTTGC Olefins Reconfiguration SMP Project for package 2,3,4,5	Main Contractor	SMP	May 2018 – July 2020	1,183.62	7.02	83.12	1,100.50
3 Propylene Oxide Project, civil engineering for items 2 and 4	Sub Contractor	Civil and Building Service	January 2018 – January 2020	455.12	25.27	114.99	340.13
4 Steel structuring for PTTGC olefins reconfiguration project	Sub Contractor	Fabrication and Other Service	April 2018 – January 2020	296.79	34.22	101.57	195.22
5 Construction of Bangpakong LPG Project Phase 3 with designing work, structuring and installation LPG storage tank	Sub Contractor	EPC	September 2018 – January 2020	206.55	2.88	5.95	200.60
6 Efficiency, Energy and Environment improvement Project Phase 2 or 3E Phase 2 Project by installing a new octane technology, Continuous Catalyst Regeneration (CCR) and Hydrocracker Unit (HCU) Civil Activities	Sub Contractor	Civil	October 2018 - February 2020	312.00	7.11	22.20	289.80
7 New olefins project with designing work and structuring of steel floor, staircase, and rails	Sub Contractor	Fabrication and Other Service	September 2018 – June 2019	89.54	14.41	12.90	76.64

Project	Nature of Work	Type of Work	Project Commencement – Expected Completion	Project Value (THB million)	Project Progress (%)	Value Recognized as Revenue (THB million)	Value Not Yet Recognized as Revenue (THB million)
8 Other projects that are currently delivering work				1,608.68		1,579.37	29.31
Total (Please check the value with the added data)				4,424.12		1,951.78	2,472.34

Note: After 31 December 2018 – 28 February 2019, the Company signed two new contracts as follows;

1. Temporary Power Installation for PTTLNG Nong Fab LNG Receiving Terminal Project 28.51 Million Baht Start Jan 2019 – Apr 2019.

2. 12" Actuated On-Off Valve Installation Project for PTTLNG LNG Receiving Terminal Expansion Project Phase II 15.30 Million Baht Start Feb 2019 – Dec 2019

Total 43.81 Million Baht

Risk Factors

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

Management Risk

1. Risk from Dependence on Executives

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

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

As at 31 December 2018, the Company has 240 employees, excluding executives, divided into the Construction Department and Engineering Department with a total of 196 engineers, comprising of 187 Thais and 9 Koreans, and other departments with a total of 44 employees, comprising of 38 Thais and 6 Koreans.

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

Revenue Structure	2016		2017		2018	
	Amount	%	Amount	%	Amount	%
Korean group of companies	273.65	42.02	131.90	12.94	800.20	57.69
Other groups of companies	377.65	57.98	887.39	87.06	586.88	42.31
Total	651.30	100.00	1,019.29	100.00	1,387.08	100.00

Financial Risk

2. Risk on Adherence to Loan Covenants

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

As a result, the Company arranged for regular performance of financial management and financial ratio covenant adherence capabilities assessment, which at present, the Company is in adherence with such stipulations.

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

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

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

4. Risk of Insufficient Working Capital

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

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

Listing on the Stock Exchange of Thailand and raising funds through Initial Public Offering (IPO) is another means to support the expansion of the Company's business and to serve as another channel in providing the Company with working capital to reduce such risk.

Operating Risk

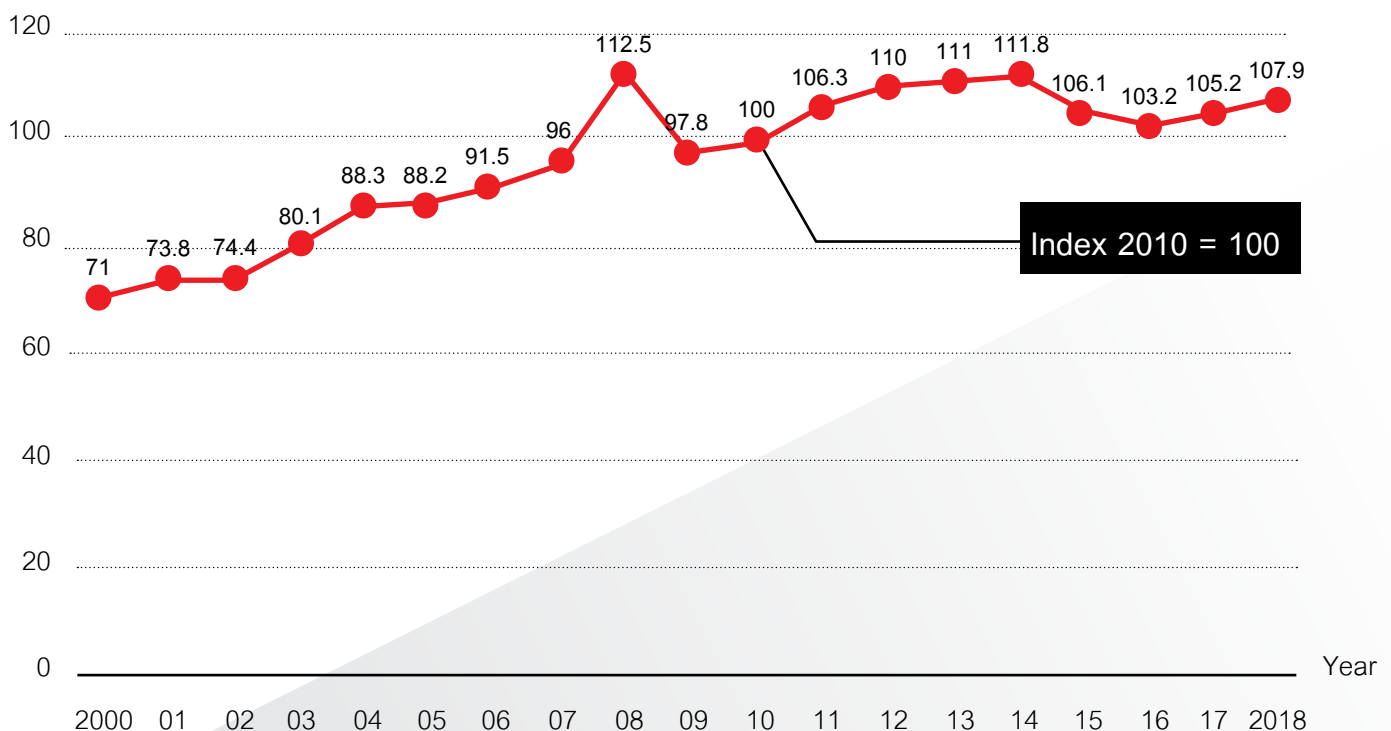
5. Risk of Competition and Continuity of Revenue from Bids

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

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

Cost of raw materials and equipment are an important component of the Company's business operations, with key items being steel plates and copper wire. In case of significant changes to the price of these materials during project operations, the Company's profitability may be directly affected. Prices of construction materials vary in accordance with domestic and international market conditions. Construction Materials Price Index disclosed by the Bureau of Trade and Economic Indices, Ministry of Commerce indicates construction material prices in the past 5 years from 2014-2018 with average volatility of 106.84, compared to the same period of the previous year (Base year 2010 = 100) as shown in the following chart.

Chart 1 : Construction Materials Price Index 2000-2018



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

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

7. Risk of Inaccurate Construction Cost Estimations

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

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

8. Risk of Foreign Exchange Volatility

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

9. Risk of Labor Shortage

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

The Company set a policy on personnel management by supporting employee development while fostering good relationship between all personnel. In the past, the Company's personnel turnover for lead engineers are relatively low, with key labor group in the operations being day laborers and project-based employees of a total of 650 people, which the Company would employ in accordance with the work load. Wage is set at a level comparable to the industry and payment is continuously done on time. Moreover, as the Company is located near Map Ta Phut Industrial Estate in Rayong province, the Company has access to a large group of labor living in the area, and recommendations through word of mouth from such labor groups. This resulted in the Company not being greatly affected in the recruitment of labor.

10. Risk to Safety, Hygiene, and Surrounding Areas

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

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

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

The Company may face risk of fines or burden of charges from making delivery of work past the deadline, which could arise from delays of the contractor or project owner regarding modifications to construction plan and installation, changes in the contract or terms of the contract during project operations, shortage of funding and liquidity of the project owner, or delays in material delivery from suppliers, resulting in the Company being fined or being responsible for additional costs not initially included.

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

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

In some cases, a project may require large investment amount or high credibility in which the Company has to enter into a joint venture with other juristic persons to enable the Company's access to the bid and the project. In such case, parties are jointly and severally liable and joint efforts will succeed only if each party performs duties within in accordance with the agreement. If the Company's counterparty in a joint venture is unable to perform duties as set out in the joint venture agreement, the Company faces the risk of being responsible on the part of the counterparty such as sourcing of funding portion which the counterparty is unable to execute or the risk of being responsible for the execution of the counterparty's scope of work to ensure completion in accordance with set plan. Moreover, in case of damage to the project, the contractor has the right to demand relief from non-conformance to the agreement from the Company and the Company may also be liable for the counterparty, resulting in legal liability and damage to the Company.

At present, the Company has not engaged in any joint ventures. However, the Company has set preventive measures in analyzing prospective counterparties in terms of profile, track record, and financial status before agreeing to

joint cooperation to ensure that such counterparty can be held responsible should any issue arise, and reduce the risk to the Company.

13 Risk Arising from Lawsuit

As the Company hires subcontractors in project construction, the Company currently has 1 outstanding lawsuit in court process. On 22 February 2018, the plaintiff filed an appeal and a judge hearing is set for 15 November 2018. The Court of Appeal passed judgment that the Company pay THB 347,514.66 with interest of 7.5% per annum from the date of indictment (13 September 2016) in accordance with the employment contract, which is an amendment to the main employment contract.

Currently, this case is in the process of being able to submit the petition or request to extend the filing period as a result, the case is not yet final and is in the process of negotiating between the parties.

Securities and Shareholders Information

Shareholders Structure

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

The top 10 names of shareholders which appear on the list of shareholders as at 27 February 2019 are as follows.

Shareholders name	Number of share	%
1 Takuni Group¹		
▶ Takuni (Thailand) Co., Ltd.	102,599,000	36.64
▶ Treeweeranuwat Family	8,236,247	2.94
Total Takuni Group	110,835,247	39.58
2 Mr. Chung Sik Hong	31,418,800	11.22
3 Mr. Wang Youp Jhee	14,530,400	5.19
4 Mr. Yeong Cheol Choi	13,675,200	4.88
5 Mr. Bum Wook Kwak	11,353,000	4.05
6 Mr. Santi Amsawat	11,087,800	3.96
7 Mr. Nop Vijakkhana	7,000,000	2.50
8 Mr. Kiattanan Denpaisan	6,655,700	2.38
9 Ms. Preeyanuk Wongpraphas	5,583,700	1.99
10 Mr. Pakorn Makranon	5,521,500	1.97
Total	217,661,347	77.74

Remarks : ¹ Takuni (Thailand) Company Limited held by Takuni Group Public Company Limited at 99.99% of total amount of share capital.

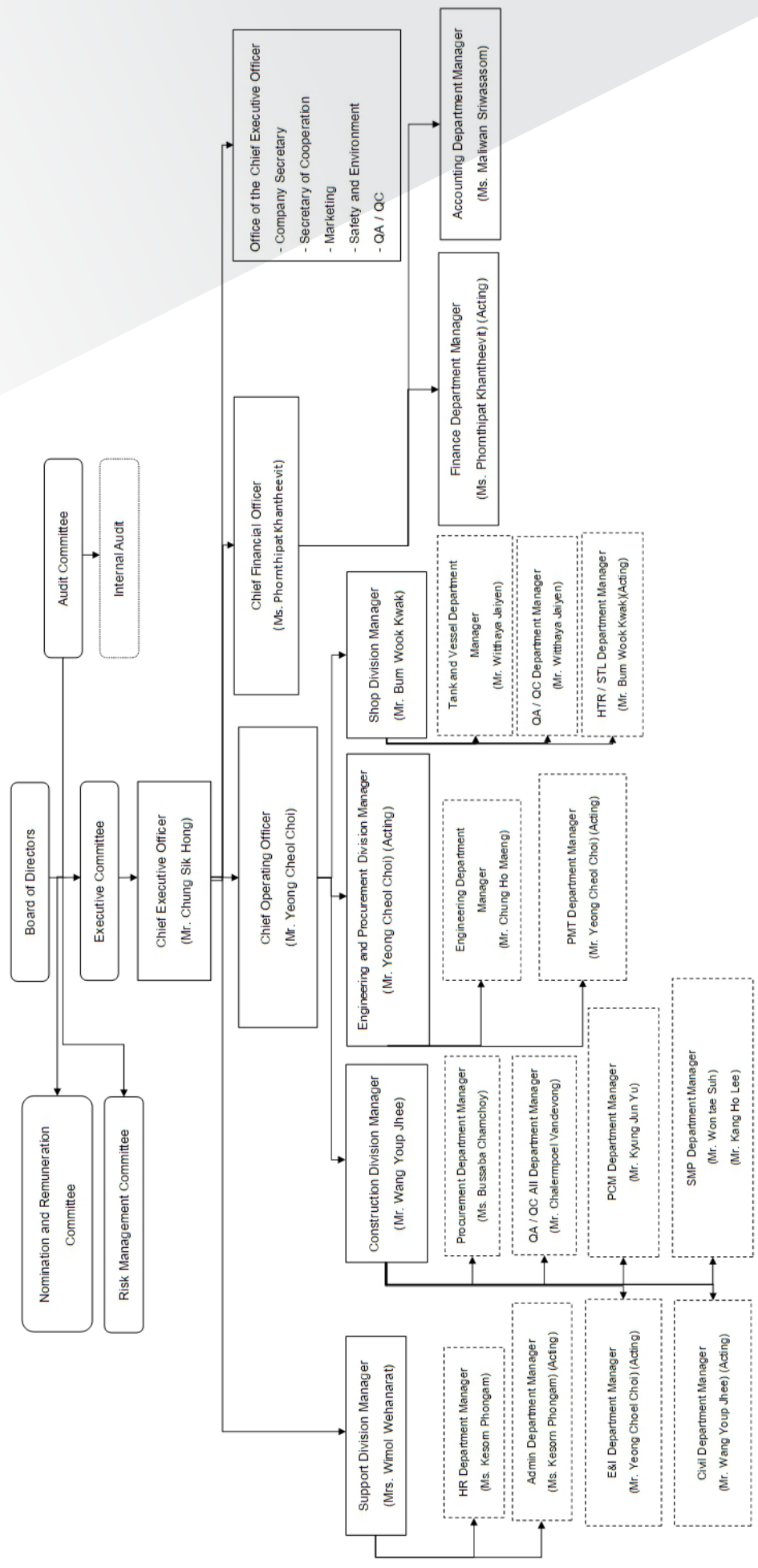
Takuni Group Public Company Limited which major shareholder is Treeweeranuwat Family at 51.78% of total amount of share capital.

Dividend Payout Policy

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

Management Structure

The Company's organization structure is as follows.



the Company's organization structure as at 5 October 2018 comprises of the Board of Directors, Audit Committee, Executive Committee, and Nomination and Remuneration Committee. The aforementioned committees comprise of experienced directors fully qualified as specified in Section 68 of the Public Limited Companies Act, B.E. 2535 and Notification of Capital Market Supervisory Board No. Tor Jor. 39/2559 Re: Application for Approval and Granting of Approval for Offering of Newly Issued Shares dated 30 September 2016.

1. Board of Directors

As at 31 December 2018, the Board of Directors comprises of the following 9 directors.

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

Remark: Ms. Nattiya Charusombat is the Company Secretary

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

Attendance of the Board of Directors' Meetings in 2017 and 2018 are as follows.

Name of Director	Attendance / Total Number of Meetings	
	2017	2018
1. Mr. Narongrit Tavornvisitporn ¹	Appointed in December 2017	10/10
2. Mr. Suthi Thum-Uмнаuysuk ¹	Appointed in December 2017	9/10
3. Mr. Yingyong Techarungnirun ¹	Appointed in December 2017	10/10
4. Mr. Chung Sik Hong	3/3	10/10
5. Mr. Yeong Cheol Choi	-	3/8
6. Mr. Prasert Treeveeranuwat	3/3	10/10
7. Ms. Nita Treeveeranuwat	3/3	10/10
8. Mr. Somchai Kanbuakeaw	3/3	10/10
9. Ms. Kanchana Rimpanichayakij ²	Appointed in October 2018	1/2
10. Mr. Charoenchai Amnatsomboonsuk ²	Appointed in October 2018	2/2

Remark : ¹ Appointed as director in the Extraordinary General Meeting No. 2/2017 held on 9 December 2017

² Appointed as director in the Extraordinary General Meeting No. 2/2018 held on 5 October 2018

Authorized Director

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

2. Audit Committee

As at 31 December 2018, the Audit Committee comprises of the following 3 directors.

Name of Director	Position
1. Mr. Narongrit Tavornvisitporn	Chairman of the Board of Directors, Audit Committee Member Nomination and Remuneration Committee and Independent Director
2. Mr. Suthi Thum-Umnausuk	Chairman of the Audit Committee and Independent Director
3. Mr. Yingyong Techarungnirun	Audit Committee Member, and Independent Director

Remark: Ms. Nattiya Charusombat is the Audit Committee Secretary

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

Attendance of the Audit Committee Meetings in 2017 and 2018 are as follows.

Name of Director ¹	Attendance / Total Number of Meetings	
	2017	2018
1. Mr. Narongrit Tavornvisitporn	1/1	7/7
2. Mr. Suthi Thum-Umnausuk	1/1	7/7
3. Mr. Yingyong Techarungnirun	1/1	7/7

Remark : ¹ Appointed as Audit Committee in the Board of Directors' Meeting No. 3/2017 held on 23 November 2017

3. Risk Management Committee

As at 31 December 2018, the Risk Management Committee comprises of the following 3 directors.

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

Remark : ¹ Appointed as Risk Management Committee in the Board of Directors' Meeting No. 2/2018 held on 22 February 2018

4. Nomination and Remuneration Committee

As at 31 December 2018, the Nomination and Remuneration Committee comprises of the following 3 directors.

Name of Director ¹	Position
1. Mr. Somchai Kanbuakeaw	Chairman of the Nomination and Remuneration Committee
2. Mr. Suthi Thum-Umnausuk	Nomination and Remuneration Committee Member
3. Mr. Narongrit Tavornvisitporn	Nomination and Remuneration Committee Member

Remark : ¹ Appointed as Nomination and Remuneration Committee in the Board of Directors' Meeting No. 1/2018 held on 24 January 2018

Attendance of the Nomination and Remuneration Committee Meetings in 2018 are as follows.

Name of Director	Attendance / Total Number of Meetings 2018
1. Mr. Somchai Kanbuakeaw	1/1
2. Mr. Suthi Thum-Umnausuk	1/1
3. Mr. Narongrit Tavornvisitporn	1/1

5. Executive Committee

As at 31 December 2018, the Executive Committee comprises of the following 6 directors.

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

Attendance of the Executive Committee Meetings in 2017 and 2018 are as follows.

Name of Director	Attendance / Total Number of Meetings	
	2017	2018
1. Mr. Chung Sik Hong	10/11	5/6
2. Mr. Prasert Treeveeranuwat	9/11	6/6
3. Ms. Nita Treeveeranuwat	11/11	6/6
4. Mr. Somchai Kanbuakeaw	9/11	6/6
5. Mrs. Thitima Tanapakit	11/11	4/6
6. Ms. Phornthiphat Khantheevit	9/11	6/6

6. Executives

As at 31 December 2018, the Company has 7 executives as defined in the Notification of the Securities and Exchange Commission No. Kor Jor. 17/2551 dated 15 December 2008 (including its amendments) with details as follows.

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

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

² Assumed position in April 2018

7. Company Secretary

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

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

8. Directors and Executives Remuneration

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

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

Annual General Meeting for approval each year.

Monetary Compensation

A. Compensation for the Board of Directors

The 2018 Annual General Meeting held on 10 April 2018 passed a resolution in determining director compensation with the following details.

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

Moreover, the total compensation for the Board of Directors and subcommittee for the year 2018 shall not exceed THB 1,500,000.

Compensation for directors in 2017 and 2018 are as follows.

Unit: THB

Name of Director	2017			2018			
	Board of Directors	Audit Committee ²	Total	Board of Directors ¹	Audit Committee	Nomination and Remuneration Committee	Total
1. Mr. Narongrit Tavorntvisitporn	-	10,000.00	10,000.00	150,000.00	70,000.00	10,000.00	230,000.00
2. Mr. Suthi Thum-Umnauysuk	-	12,500.00	12,500.00	108,000.00	87,500.00	10,000.00	205,500.00
3. Mr. Yingyong Techarungrinun	-	10,000.00	10,000.00	120,000.00	70,000.00	-	190,000.00
4. Mr. Chung Sik Hong	-	-	-	120,000.00	-	-	120,000.00
5. Mr. Yeong Cheol Choi ⁴	-	-	-	36,000.00	-	-	36,000.00
6. Mr. Prasert Treeveeranuwat	-	-	-	120,000.00	-	-	120,000.00
7. Ms. Nita Treeveeranuwat	-	-	-	120,000.00	-	-	120,000.00
8. Mr. Somchai Kanbuakeaw	-	-	-	120,000.00	-	12,500.00	132,500.00
9. Ms. Kanchana Rimpanichayakij	-	-	-	12,000.00	-	-	12,000.00
10. Mr. Charoenchai Amnatsomboonsuk	-	-	-	24,000.00	-	-	24,000.00

- Remark :
- The Company started paying meeting allowance for the Board of Directors from the Board of Directors' Meeting No. 1/2018 held on 24 January 2018 onwards.
 - The Company started paying meeting allowance for the Audit Committee from the Audit Committee Meeting No. 1/2017 held on 19 December 2017 onwards.
 - Director remuneration for each year is subject to change, depending on the resolution of the Annual General Meeting.
 - Mr. Yeong Cheol Choi has resigned from directorship by Mr. Charoenchai Amnatsomboonsuk was appointed as director in replacement on 5 October 2018.

B. Compensation for the Executive Committee

- None -

C. Compensation for Executives

Item	2017		2018	
	Head Count (Person)	Compensation (THB)	Head Count (Person)	Compensation (THB)
Salary	7	7,374,542	7	6,953,000
Overtime (Fixed)	7	1,108,788	7	1,407,283
Allowance	7	2,413,146	7	2,267,565
Social Security	7	60,000	7	54,475
Total		10,956,476		10,682,607

D. Other Forms of Compensation

- None -

9. Employees**9.1 Number of Employees**

The total number of employees of the Company (excluding Executives) as at 31 December 2017 and 31 December 2018 are 186 persons and 240 persons, respectively, with the following details.

Department	Head Count (Person)					
	As at 31 December 2017			As at 31 December 2018		
	Thai	Korean	Total	Thai	Korean	Total
Company Secretary	0	0	0	1	0	1
Information Technology Department	2	0	2	2	0	2
Marketing Department	1	0	1	1	0	1
Construction Division	145	3	148	187	9	196
Accounting / Finance Department	3	-	3	5	-	5
Procurement Department	4	-	4	5	-	5
Planning Department	1	-	1	0	0	0
Cost CTL Team	2	2	4	4	2	6
Store and Warehouse Team	1	-	1	2	-	2
HR and Admin Department	7	-	7	6	-	6
Engineering Department	12	3	15	12	4	16
Total	178	8	186	225	15	240

9.2 Employee Compensation

Compensation paid to employees (excluding Executives) in 2017 and 2018 amounted to 89.10 million and THB 115.75 million, respectively, paid in the form of salary, bonus, social security, employee benefits, and other incentive-based compensation for example, paid out of cost savings as compared to project costs specified in the Company policy.

9.3 Provident Fund

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

9.4 Labor Disputes

As at 31 December 2018, the Company has no labor disputes.

9.5 Personnel Development Policy

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

10. Management Structure of JKEC Company Limited

10.1 Board of Directors

As at 31 December 2018, the Board of Directors comprises of the following 3 directors.

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

Authorized Director

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

10.2 Number of Employees

The total number of employees of the Company as at 31 December 2017 and 31 December 2018 are 28 persons and 44 persons, respectively, with the following details.

Department	Head Count (Person)					
	As at 31 December 2017			As at 31 December 2018		
	Thai	Korean	Total	Thai	Korean	Total
Chief Executive Officer	-	1	1	-	1	1
HR and General Admin Department	2	-	2	3	-	3
Accounting / Finance Department	1	-	1	2	-	2
PMT Department	-	1	1	2	1	3
Construction Department	23	-	23	35	-	35
Total	26	2	28	42	2	44

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

Name-Surname / Position	Age (years)	Education / Training	Experience		
			Period	Position	Division / Company
1. Mr. Narongrit Tavornvisitporn ▶ Chairman of the Board of Directors ▶ Audit Committee Member ▶ Independent Director ▶ Nomination and Remuneration Committee Member	66	▶ Bachelor's Degree from the Faculty of Engineering in Electrical Engineering (2 nd class honors), Chulalongkorn University ▶ Executive Master of Business Administration (MBA), Thammasat University ▶ Post Graduate Diploma in Electrical Power Generation and Distribution System, The Norwegian Institute of Technology, University of Trondheim, Norway ▶ General Member of the Council of Engineers in Electrical Engineering (Sor.For.Gor. 1489) ▶ Director Certification Program (DCP) Batch No. 166/2012	2018 – Present	▶ Independent Director ▶ Chairman of the Board of Directors ▶ Chairman of the Audit Committee	STC Concrete Product Public Company Limited
			2018 – Present	▶ Independent Director ▶ Chairman of the Board of Directors	Successmore Being Public Company Limited
			2017 – Present	▶ Audit Committee Member ▶ Independent Director ▶ Chairman of the Board of Directors ▶ Audit Committee Member ▶ Nomination and Remuneration Committee Member	CAZ (Thailand) Public Company Limited
			2016 – Present	▶ Independent Director ▶ Chairman of the Audit Committee ▶ Chairman of Nomination and Remuneration Committee	Dacon Inspection Services Company Limited
			1984 - 2012	▶ Assistant Managing Director	Thai Oil Public Company Limited
2. Mr. Suthi Thum-Uмнаysuk ▶ Chairman of the Audit Committee ▶ Independent Director ▶ Nomination and Remuneration Committee Member	71	▶ Bachelor's Degree from the Faculty of Engineering, Chulalongkorn University ▶ Master's Degree in Engineering, Birmingham University, UK ▶ Member of the Council of Engineers in Electrical Engineering (Wor.Yor. 1120) ▶ Member of the Institute of Highway Engineers, UK (ID : IH 000018943)	2017 – Present	▶ Chairman of the Audit Committee ▶ Independent Director ▶ Nomination and Remuneration Committee Member	CAZ (Thailand) Public Company Limited
			1998 - 2011	▶ Project Manager ▶ Plant Manager	Thai Oil Public Company Limited

Name-Surname / Position	Age (years)	Education / Training	Experience		
			Period	Position	Division / Company
		▶ Director Accreditation Program (DAP) Batch No. 145/2018	1997 - 2007	▶ Plant Manager and Deputy Managing Director (Technology/ Manufacturing)	Thai Tokai Carbon Product Company Limited
3. Mr. Yingyong Techarungrun ▶ Audit Committee Member ▶ Independent Director	37	▶ Bachelor's Degree from the Faculty of Commerce and Accountancy in Accounting, Thammasat University ▶ Master of Business Administration (MBA), University of Connecticut, USA ▶ Certified Public Accountant (CPA) ▶ Director Accreditation Program (DAP) Batch No. 145/2018	2017- Present	▶ Audit Committee Member ▶ Independent Director	CAZ (Thailand) Public Company Limited
			2017 - Present	▶ Director	Klang Kao Klang Mai Company Limited
			2011- Present	▶ General Manager	Thaibrass Company Limited
4. Mr. Chung Sik Hong ▶ Director (Authorized Director) ▶ Chairman of the Executive Committee ▶ Chief Executive Officer ▶ Chairman of the Risk Management Committee	59	▶ Bachelor's Degree from the Faculty of Engineering in Mechanical Engineering, Ajou University, Korea ▶ Director Accreditation Program (DAP) Batch No. 146/2018	2014 - Present	▶ Director ▶ Chairman of the Executive Committee ▶ Chief Executive Officer ▶ Chairman of the Risk Management Committee	CAZ (Thailand) Public Company Limited
			2017 - Present	▶ Director	JKEC Company Limited
			2004 - 2013	▶ Chief Executive Officer	Thai Woo Ree Engineering Company Limited
			1987 - 2004	▶ Piping Engineering Team Leader ▶ Construction Manager ▶ Project Manager	SK Engineering & Construction
			1984 - 1987	▶ Piping Engineer	Hyundai Engineering
5. Mr. Prasert Treeveeranuwat ▶ Director ▶ Executive Committee Member ▶ Risk Management Committee Member	57	▶ High School Diploma from Bodindecha (Sing Singhaseni) School ▶ Director Accreditation Program (DAP) Batch No. 103/2013	2016 - Present	▶ Director ▶ Executive Committee Member ▶ Risk Management Committee Member	CAZ (Thailand) Public Company Limited
			2007 - Present	▶ Director (Executive) Chairman of Executive Committee	Takuni Group PLC.

Name-Surname / Position	Age (years)	Education / Training	Experience		
			Period	Position	Division / Company
				<ul style="list-style-type: none"> ▶ Chairman of Risk Management Committee ▶ Chairman of Anti-Corruption Committee ▶ Chief Executive office/ President ▶ Acting Vice President Business Development Department ▶ Acting Vice President Energy Business ▶ Acting Vice President Oil & Gas Construction Business ▶ Acting Vice President Property Construction Business ▶ Acting Vice President Property Development Business 	
6. Ms. Nita Treeveeranuwat ▶ Director (Authorized Director) ▶ Executive Committee Member	31	<ul style="list-style-type: none"> ▶ Bachelor's Degree from the Faculty of Engineering in Mechanical Engineering, Thammasat University / University of Nottingham ▶ Bachelor's Degree in Accounting, Sukhothai Thammathirat Open University ▶ Master's Degree in Financial Management, Queen Mary University of London, UK ▶ Director Accreditation Program (DAP) Batch No. 100/2013 ▶ Director Certification Program (DCP) Batch No. 208/2015 ▶ Company Secretary Program (CSP) Batch No. 53/2015 	<ul style="list-style-type: none"> 2015 - Present 2011 - Present 2014 - Present 2017 - Present 2010 - 2011 	<ul style="list-style-type: none"> ▶ Director ▶ Executive Committee Member ▶ Director ▶ Executive Committee Member ▶ Director ▶ Managing Director ▶ Engineer 	<ul style="list-style-type: none"> CAZ (Thailand) Public Company Limited Takuni Group Public Company Limited Takuni (Thailand) Company Limited Takuni Land Company Limited Ratchapruerk Engineering Company Limited

Name-Surname / Position	Age (years)	Education / Training	Experience		
			Period	Position	Division / Company
7. Mr. Somchai Kanbuakaew ▶ Director (Authorized Director) ▶ Executive Committee Member ▶ Risk Management Committee Member ▶ Chairman of the Nomination and Remuneration Committee	69	▶ Bachelor's Degree from the School of Engineering in Mechanical Engineering, Sripatum University ▶ Bachelor's Degree from the Faculty of Engineering in Industrial Engineering, the Institute of Technology and Vocational Education ▶ Director Accreditation Program (DAP) Batch No. 129/2016	2015- Present	▶ Director ▶ Executive Committee Member ▶ Risk Management Committee Member ▶ Chairman of the Nomination and Remuneration Committee	CAZ (Thailand) Public Company Limited
			2016 – Present	▶ Director ▶ Executive Committee Member	Takuni Group Public Company Limited
			2015– Present	▶ Director	Takuni (Thailand) Company Limited
			2015 – Present	▶ Director	G Gas Logistics Company Limited
			2015 – Present	▶ Director	Ratchapruerk Engineering Company Limited
8. Ms. Kanchana Rimpanichayakij ▶ Director	59	▶ Bachelor's Degree in Business Administration, Assumption University ▶ Director Accreditation Program (DAP) Batch No. 103/2013	2018 - Present	▶ Director	CAZ (Thailand) Public Company Limited
			2012 – Present	▶ Director	Takuni Group Public Company Limited
			1995 – 2015	▶ Director	Ratchapruerk Engineering Company Limited
9. Mr. Charoenchai Amnatsomboonsuk ▶ Director	59	▶ Bachelor's Degree from the Faculty of Engineering in Mechanical Engineering, Chulalongkorn University Certifications: ▶ ASME Boiler and Pressure Vessel Inspector No. N.B. 11324 (1992), the National Board of Boiler and Pressure Vessel ▶ NDT Level III ASNT No. 149003, the American Society for Nondestructive Testing Incorporated ▶ Ultrasonic Testing Level II (ISO 9712) No. WIT-NDT-0578, Welding Institute of Thailand	2018 - Present	▶ Director	CAZ (Thailand) Public Company Limited
			2013 – Present	▶ Executive Committee Member	Takuni Group Public Company Limited
			1995 – 2015	▶ Director ▶ Managing Director	Ratchapruerk Engineering Company Limited

Name-Surname / Position	Age (years)	Education / Training	Experience		
			Period	Position	Division / Company
10. Mr. Yeong Cheol Choi ▶ Chief Operating Officer ▶ Engineering and Procurement Division Manager (Acting)	54	▶ Bachelor's Degree from the Faculty of Engineering, Chung-Ang University ▶ Director Accreditation Program (DAP) Batch No. 146/2018	2014 – Present	▶ Chief Operating Officer ▶ Engineering and Procurement Division Manager	CAZ (Thailand) Public Company Limited
			2004 – 2014	▶ Senior Vice President	Thai Woo Ree Engineering Company Limited
11. Ms. Phornthiphat Khantheevit ▶ Chief Financial Officer ▶ Executive Committee Member	44	▶ Bachelor's Degree in Business Administration (Accounting), Rajamangala University of Technology ▶ Master of Business Administration (MBA), Srinakharinwirot University (Prasarnmit Campus) ▶ Master of Business Administration (MBA), Virginia International University	2017 – Present	▶ Chief Financial Officer	CAZ (Thailand) Public Company Limited
			2014 - 2559	▶ Tax and Accounting Advisor	Won Solutions Company Limited
			1997 - 2011	▶ Finance Manager	Internet Thailand Public Company Limited
12. Mrs. Thitima Tanapakit ▶ Executive Committee Member	37	▶ Bachelor's Degree from the Faculty of Commerce and Accountancy, Thammasat University ▶ Master of Business Administration (MBA), Thammasat University ▶ Strategic CFO Course Batch No. 4	2015- Present	▶ Executive Committee Member	CAZ (Thailand) Public Company Limited
			2013 – Present	▶ Chief Financial Officer	Takuni Group Public Company Limited
			2011 - 2012	▶ Internal Audit	Baker Tilly Risk Management Services Company Limited
13. Mrs. Wimol Wehanarat ▶ Support Division Manager	46	▶ Bachelor's Degree in Accounting, Rambhai Barni Rajabhat University ▶ Master's Degree from the Graduate School of Commerce in Managerial Accounting, Burapha University	April 2561 – Present	▶ Support Division Manager	CAZ (Thailand) Public Company Limited
			2004 - 2018	▶ Accounting Department Manager	Thai Woo Ree Engineering Company Limited
14. Mr. Wang Youp Jhee ▶ Construction Division Manager	47	▶ Bachelor's Degree from the Faculty of Engineering in Civil Engineering, Sungkyunkwan University, Korea	2014 – Present	▶ Construction Division Manager	CAZ (Thailand) Public Company Limited
			2005 - 2014	▶ Project Manager	Thai Woo Ree Engineering Company Limited
15. Mr. Bum Wook Kwak ▶ Shop Division Manager	59	▶ Bachelor's Degree from the Faculty of Engineering in Mechanical Engineering, Ajou University, Korea	2014 – Present	▶ Shop Division Manager	CAZ (Thailand) Public Company Limited
			2005 - 2014	▶ Shop Division Manager	Thai Woo Ree Engineering Company Limited

Name-Surname / Position	Age (years)	Education / Training	Experience		
			Period	Position	Division / Company
16. Ms. Maliwan Sriwasasom ▶ Accounting Department Manager	38	▶ Bachelor's Degree from the Faculty of Management and Tourism in Accounting, Burapha University	2014 – Present	▶ Accounting Department Manager	CAZ (Thailand) Public Company Limited
			2017 – Present	▶ Director (Authorized Director)	JKEC Company Limited
			2001 - 2012	▶ Accounting Officer	Thai Woo Ree Engineering Company Limited
17. Ms. Nattiya Charusombat ▶ Company Secretary ▶ Planning Officer	35	▶ Bachelor's Degree from the School of Business Administration in Industrial Management, Sripatum University ▶ Company Secretary Program (CSP) Batch No. 88 / 2018	2015 – Present	▶ Company Secretary ▶ Planning Officer	CAZ (Thailand) Public Company Limited
			2011 - 2015	▶ Planning Officer	Thai Woo Ree Engineering Company Limited

Detail on Directors of the Subsidiary (JKEC Company Limited)

Name-Surname / Position	Age (years)	Education / Training	Experience			
			Period	Position	Division / Company	Nature of Business
1. Mr. Chung Sik Hong ▶ Director	59	▶ Bachelor's Degree from the Faculty of Engineering in Mechanical Engineering, Ajou University, Korea ▶ Director Accreditation Program (DAP) Batch No. 146/2018	2014 - Present	▶ Director ▶ Chairman of the Executive Committee ▶ Chief Executive Officer ▶ Chairman of the Risk Management Committee	CAZ (Thailand) Public Company Limited	EPC and engineering design services
			2017 - Present	▶ Director	JKEC Company Limited	EPC services
			2004 - 2013	▶ Chief Executive Officer	Thai Woo Ree Engineering Company Limited	EPC and engineering consultancy services
			1987 - 2004	▶ Piping Engineering Team Leader ▶ Construction Manager ▶ Project Manager	SK Engineering & Construction	EPC and engineering consultancy services
			1984 - 1987	▶ Piping Engineer	Hyundai Engineering	Engineering consultancy services

Name-Surname / Position	Age (years)	Education / Training	Experience			
			Period	Position	Division / Company	Nature of Business
2. Ms. Maliwan Sriwasasom ▶ Director (Authorized Director)	38	▶ Bachelor's Degree from the Faculty of Management and Tourism in Accounting, Burapha University	2014 – Present	▶ Accounting Department Manager	CAZ (Thailand) Public Company Limited	EPC and engineering design services
			2017 – Present	▶ Director (Authorized Director)	JKEC Company Limited	EPC services
			2001 - 2012	▶ Accounting Officer	Thai Woo Ree Engineering Company Limited	EPC and engineering consultancy services
3. Mr. Jeong Kyu Choi ▶ Director (Authorized Director) Chief Executive Officer	44	▶ Bachelor's Degree from the Faculty of Engineering in Civil Engineering, Kum-Oh National Institute of Technology, Korea	2016 – Present	▶ Director	JKEC Company Limited	EPC services
			2011 - 2015	▶ Site Manager	Thai Woo Ree Engineering Company Limited	EPC and engineering consultancy services

Corporate Governance

Good Corporate Governance Principles

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

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

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

Section 1 : Rights of Shareholders

Section 2 : Equitable Treatment of Shareholders

Section 3 : Roles of Stakeholders

Section 4 : Disclosure and Transparency

Section 5 : Responsibilities of the Board of Directors

Section 1 Rights of Shareholders

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

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

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

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

1. The Right to Vote in One's Opinion

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

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

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

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

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

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

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

meeting for approval has been cautiously considered and approved by the Board of Directors. However, the Board of Directors may approve interim dividend payments occasionally should the Company possess suitable profits to do so, and will notify shareholders in the next shareholders' meeting.

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

5.1 Appointment of Directors

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

5.2 Revocation of Directorship

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

6. The Right to Consider and Approve Directors' Remuneration

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

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

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

8. The Right to Consider and Approve Related Party Transactions

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

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

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

Section 2 Equitable Treatment of Shareholders

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

1. Shareholders' Meeting

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

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

2. Conflicts of Interest

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

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

The Company has also set policy and approval procedure for transactions with conflicts of interest or related party transactions, specifying the disclosure of information regarding the names and relationship between related parties,

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

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

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

3. Monitoring Use of Internal Information

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

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

Section 3 Roles of Stakeholders

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

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

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

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

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

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

Anti-Fraud

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

Section 4 Disclosure and Transparency

1. Disclosure of Information

The Company places importance on disclosure of key information crucial to the decision-making of investors and stakeholders including the disclosure of financial and non-financial information with accuracy, completeness, reliability, thoroughly distributed, timely, transparent, and in accordance with regulations of the Stock Exchange of Thailand and Securities and Exchange Commission through the Stock Exchange of Thailand's communication channel, various publications, Annual Registration Statement (Form 56-1), and Annual Report through the Company website.

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

2. Relationship with Investors

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

Section 5 Responsibilities of the Board of Directors

1. Board of Directors' Structure

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

As at 31 December 2018, the Board of Directors consists of 9 directors, with 3 directors who are not executives, with complete qualifications as independent directors, making up no less than one-third (1/3) of the total number of directors, to serve as checks and balances in the consideration of various matters and to oversee management practices of executives for the greatest benefit of the Company.

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

- ▶ **Audit Committee** The Company's Audit Committee comprises of 3 Audit Committee Members undertaking specific roles and reporting to the Board of Directors for consideration or acknowledgement as specified in the Authority Index.
- ▶ **Executive Committee** The Company's Executive Committee comprises of 6 Executive Committee Members for flexibility in proceeding with business operations, with the scope of duties delegated from the Board of Directors as specified in the Authority Index.

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

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

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

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

2. Directors and Executives' Remuneration

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

3. Corporate Governance Policy

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

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

4. Business Ethics

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

5. Conflicts of Interest

The Board of Directors set policy on conflicts of interest on the basis of making any operational business decisions solely for the greatest benefit of the Company and the avoidance of any actions which may pose as conflicts of interest. Related parties are to inform the Company of the nature of relationship in such transactions, abstain from the

consideration of such transactions, and do not have the authority to approve such transactions.

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

6. Board of Directors' Report

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

7. Board of Directors' Meetings

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

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

8. Internal Control System and Internal Audit

The Company places emphasis on internal control system both at the management level and execution level for efficiency in business operations. As such, the Company clearly specified roles, responsibilities, and authority of officers and executives in writing, oversee the utilization of the Company's asset for benefit, as well as separated the functions of operator, follow-up officer, monitoring officer, and evaluator. Moreover, the Company arranged for an outsourced internal auditor to conduct evaluations and checks on the Company's internal control system who then reported to the Audit Committee and Board of Directors. The Company has appointed Dharmniti Internal Audit Company Limited by

Mr. Saksri Amphawon for internal auditing from 2015 - July 2017, by Ms. Lapasrada Lertpanurot for internal auditing from October 2017 - April 2018, and Ms. Korakot Wanasawat for internal auditing from July 2018 – present to review the internal control system for efficiency and effectiveness, financial controls, efficient compliance with set guidelines, and compliance with laws and regulations related to the Company, with the result of such evaluations being directly reported to the Audit Committee and top executives of the Company.

9. Board of Directors and Subcommittees

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

10. Compliance to Other Good Corporate Governance Principles

Related Party Transactions

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

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

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

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

which constitutes normal terms which financial institutions in providing credit to businesses whether directly or through the placement of collateral, the Company must not incur any expenses from the guarantee and such transaction must not deprive the Company of any benefits. The receipt of guarantees shall be of necessity to business operations, whereby the Audit Committee will consider for the greatest benefit. The provision or receipt of guarantees are to be executed as if such transaction were done with normal persons. The Audit Committee will consider and report the opinion on the rationale and necessity of transactions relating to the receipt or provision of financial support, as well as fair pricing, executed in accordance with the Securities and Exchange Law, notifications, announcements, or orders of the Stock Exchange of Thailand, as well as regulations on the disclosure of information and procedure of listed companies with regards to related party transactions.

- ▶ Other transactions such as lease of real estate and other assets or services, the Audit Committee will consider and report the opinion on the rationale and necessity of transactions as well as execution in accordance with the Securities and Exchange Law, notifications, announcements, or orders of the Stock Exchange of Thailand, as well as regulations on the disclosure of information and procedure of listed companies with regards to related party transactions and acquisition or disposition of assets.

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

Corporate Social Responsibility

1. Overall Policy

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

1.1 Fair Business Operations

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

1.2 Anti-Corruption

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

1.3 Respect for Human Rights

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

1.4 Fair Treatment of Labor

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

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

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

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

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

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

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

1.5 Responsibility to Clients

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

1.6 Care for the Environment

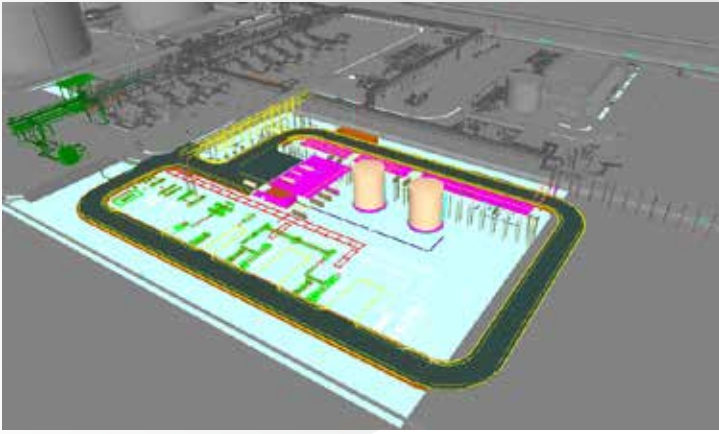
The Company places emphasis on care of the environment by strictly monitoring compliance to laws in relation to the environment, especially in the process of manufacturing and fabrication, the Company altered its operating process to minimize the impact to the environment. For instance, the polish and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

1.7 Community or Social Development

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

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

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



2. CSR in Process

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

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

2.1 Work safety orientation for new personnel



2.2 Work safety training on electricity



2.3 Work safety training on operating in air-tight environments



2.4 Work safety training for team leaders



2.5 Work safety training for executives



2.6 Basic fire extinguishment training



2.7 Basic first aid training



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

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

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



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



3. CSR Activities Contributing to the Society and Environment

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

3.1 Education

The Company has laid plans to grant scholarships to children of the Company's personnel who achieved exceptional accomplishments in academics and behavior, starting in Quarter 4 of 2018.

3.2 Religion

The Company participated in the forest-robe presentation ceremony and community service together with PTT Group on the occasion of Songkran Day.



3.3 Environment

The Company held fire drills and emergency evacuation practice to prevent and control impact to the community.



3.4 Community Development

The Company participated in reforestation activities with surrounding communities in efforts to increase green area.



The Company, together with the client, participated in garbage collection community service in surrounding beach areas.



The Company, together with local communities, participated in keeping the streets clean at the Huaypong Nai - Flood Bridge area as community service on the occasion of 2018 Mother's Day.



The Company, together with Rayong Safety Association, participated in keeping the streets clean at the Sukhumvit area in Map Ta Phut Municipality.



4. Anti-Corruption Policy

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

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

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

5. Sustainability Report

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



Internal Control

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

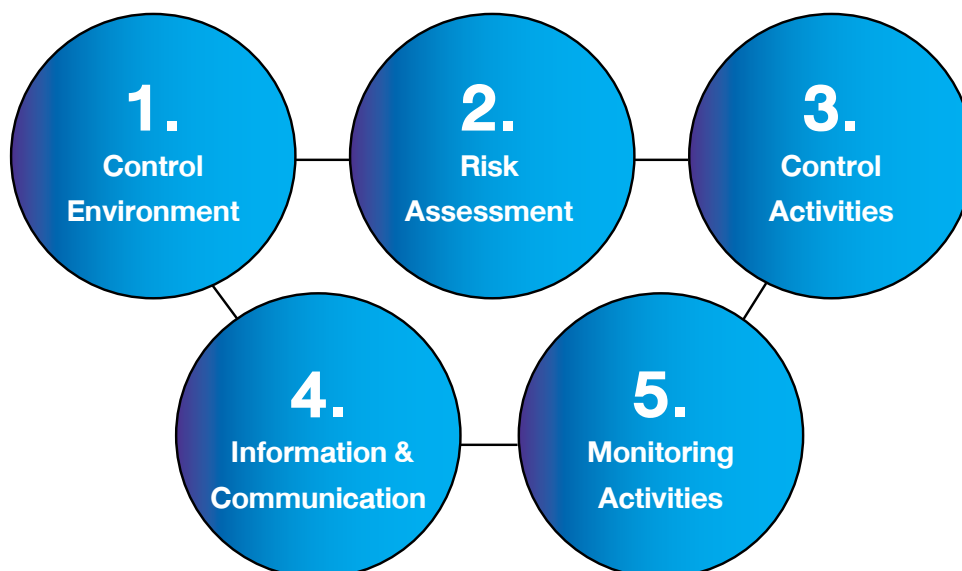
The Company arranged for an independent third-party to assume the role of internal auditor, and has appointed, in June 2015, Dharmniti Internal Audit Company Limited. On 2018, Ms. Lapasrada Lertpanurot for internal auditing from October 2017 - April 2018, and Ms. Korakot Wanasawat for internal auditing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

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

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

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

The Audit Committee Meeting No. 1/2019 held on 26 February 2019, with full attendance by the 3 Audit Committee Members, evaluated the Company's internal control system by inquiring executives with regards to internal control system sufficiency on 5 key areas:



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

2. Assessment of internal control systems by internal auditors

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



Related Party Transactions

1. Nature of Relationship

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

Potential Conflicting Parties	Nature of Relationship
Takuni Group Public Company Limited (TAKUNI)	TAKUNI is the Company's major shareholder, holding 51.30% of paid-up capital through Takuni (Thailand) Company Limited, with Ms. Nita Treeveer-anuwat and Mr. Prasert Treeveeranuwat being major shareholders of TAKUNI
Takuni (Thailand) Company Limited (TT)	TT is TAKUNI's subsidiary and major shareholder of the Company, holding 51.30% of paid-up capital, with Ms. Nita Treeveeranuwat and Mr. Somchai Kanbuakeaw, TT's directors, being directors of the Company.
G Gas Logistics Company Limited (GG)	GG is TAKUNI's subsidiary (TAKUNI being major shareholder of the Company), with Mr. Somchai Kanbuakeaw, GG's director, being director of the Company.
Ratchapruerk Engineering Company Limited (RE)	RE is TAKUNI's subsidiary (TAKUNI being major shareholder of the Company), with Mr. Somchai Kanbuakeaw, RE's director, being director of the Company.
Mr. Chung Sik Hong	Director, executive committee, executive, and major shareholder of the Company, holding 15.71% of paid-up capital
Mr. Yeong Cheol Choi	Executive and shareholder of the company, holding 6.84% of paid-up capital
Mr. Wang Youp Jhee	Executive and shareholder of the company, holding 7.27% of paid-up capital

2. Nature of Related Party Transaction

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

Natural Persons / Juristic Persons who may have Conflicts of Interest	Nature of Related Party Transaction	Transaction Value for the 12-month Period Ended 31 December 2017 (THB)	Transaction Value for the 12-month Period Ended 31 December 2018 (THB)	Necessity and Rationale	Opinion of the Audit Committee
1. Takuni Group Public Company Limited (TAKUNI)	<u>Loan from Related Party</u> ► The Company took out loans from TAKUNI to serve as working capital in business operations. <ul style="list-style-type: none"> • Beginning amount 30,000,000 • Additional drawdown in the period -none- • Repayment in the period 30,000,000 • Ending amount - none - 			► In the year 2017, the Company made loan repayments to TAKUNI totaling THB 30 million. Such transaction was incurred due to the need for short-term working capital for construction project, in which funding through bank loans was insufficient. The Company took out loans from a commercial bank at the interest rate of MLR - 0.5%, which is 0.5% lower than the rate which the Company paid to TAKUNI. ► During the 12-month period of 2018, the Company had no outstanding loans from TAKUNI.	► The Audit Committee is of the opinion that such transaction was necessary to generate benefit for the Company in utilizing the working capital to support business operations as planned. ► Acknowledged no outstanding loans from related party
	► Interest payments (interest rate of MLR of 2 commercial banks with an average rate of 6.20%)	574,041	- none -		
	<u>Service Income</u> ► The Company had service income from EPC of Bangpa-Kong LPG Terminal Phase 3 (WP Ball Tank) Project for Takuni Group Public Company Limited <ul style="list-style-type: none"> • Service income -none- 		5,949,809		
	<u>Outstanding Amount</u> <ul style="list-style-type: none"> • Account Receivable - none- • Retention amount - none- • Service income received in advance - none- 		54,602,100 2,041,200 85,904,191	► During the 12-month period, the Company entered into an EPC contract with Takuni Group Public Company Limited for Bangpa-Kong LPG Terminal Phase 3 (WP Ball Tank) Project valued THB 204 million for a duration of 16 months.	► The Audit Committee is of the opinion that such transaction is normal business practice for both parties with normal pricing policy and terms of trade. TAKUNI has made price comparisons with other contractors and CAZ submitted its price based on normal terms as it would other clients. The transaction between TAKUNI and CAZ is in line with normal business practice and yields similar margin with comparable terms for CAZ when compared to projects which CAZ has performed for third-party clients.

Natural Persons / Juristic Persons who may have Conflicts of Interest	Nature of Related Party Transaction	Transaction Value for the 12-month Period Ended 31 December 2017 (THB)	Transaction Value for the 12-month Period Ended 31 December 2018 (THB)	Necessity and Rationale	Opinion of the Audit Committee
2. Takuni (Thailand) Company Limited (TT)	<u>Loan from Related Party</u> ► The Company took out loans from its parent company to serve as working capital in business operations. <ul style="list-style-type: none"> • Beginning amount 49,500,000 • Additional drawdown in the period 113,000,000 • Repayment in the period 162,500,000 • Ending amount - none- ► Interest payments (interest rate of MLR of 2 commercial banks with an average rate of 6.20%) <ul style="list-style-type: none"> • Accrued interest - none- 			► In the year 2017, the Company made repayments to TT totaling THB 162.50 million. Such transaction was incurred due to the need for short-term working capital for construction project, in which funding through bank loans was insufficient. The Company took out loans from a commercial bank at the interest rate of MLR - 0.5%, which is 0.5% lower than the rate which the Company paid to TT. ► During the 12-month period of 2018, the Company had no outstanding loans from TT.	The Audit Committee is of the opinion that such transaction was necessary to generate benefit for the Company in utilizing the working capital to support business operations as planned. ► Acknowledged no outstanding loans from related party
3. G Gas Logistics Company Limited (GG)	<u>Service Expense</u> ► The Company utilized GG's construction material transportation service with service expense paid at a rate comparable to what the Company has paid to other service providers. <ul style="list-style-type: none"> • Service expense 2,475,994 ► Outstanding Amount <ul style="list-style-type: none"> • Trade payables 335,135 			► The Company utilized GG's construction material transportation service, which constitutes normal business operations with price and terms of trade comparable to 2 other service providers. GG charges a monthly fee of THB 70,000 per month and overtime of THB 291.67 per actual hours of overtime, where the 2 other service providers charge an average monthly fee of THB 70,000 per month.	► The Audit Committee is of the opinion that such transaction is appropriate, based on normal business practice for both parties with normal pricing policy and terms of trade.
4. Ratchapruek Engineering Company Limited (RE)	<u>Service Expense</u> ► The Company utilized RE's Non-Destructive Testing – (“NDT”) service with service expense paid at a rate comparable to what the Company has paid to other service providers. <ul style="list-style-type: none"> • Service expense 7,268,941 			► The Company utilized RE's Non-Destructive Testing (NDT) service, which constitutes normal business operations with price and terms of trade comparable to 2 other service providers.	► The Audit Committee is of the opinion that such transaction is appropriate, based on normal business practice for both parties with normal pricing policy and terms of trade.

Natural Persons / Juristic Persons who may have Conflicts of Interest	Nature of Related Party Transaction	Transaction Value for the 12-month Period Ended 31 December 2017 (THB)	Transaction Value for the 12-month Period Ended 31 December 2018 (THB)	Necessity and Rationale	Opinion of the Audit Committee
	<ul style="list-style-type: none"> ▶ Outstanding Amount <ul style="list-style-type: none"> • Trade payables • Accrued expense 	1,312,606 -none-	1,991,587 431,805	<ul style="list-style-type: none"> ▶ The Company leases office space of 204 square meters within the Company's factory premises for prompt execution of NDT service checks. Office lease contract is automatically renewed each year (if no notification of cancellation is made in writing) with lease rate of THB 59 per square meter per month, equal to the independently-appraised rate (THB 59 per square meter) with utility charges as actually incurred. ▶ The Company received income from the sale of idle equipment to Ratchapruet Engineering Company Limited at a price comparable to the market. 	<ul style="list-style-type: none"> ▶ The Audit Committee is of the opinion that office lease made to Ratchapruet Engineering Company Limited is making use of idle assets not used in the operations of the Company. Lease rate and utility charge are appropriate in line with market prices and of greatest benefit to all parties. ▶ The Audit Committee is of the opinion that the sale of idle equipment to Ratchapruet Engineering Company Limited is making use of idle assets not used in the operations of the Company. Lease rate and utility charge are appropriate in line with market prices and of greatest benefit to all parties.
	<u>Office Lease and Utility Income</u> <ul style="list-style-type: none"> ▶ The Company received income from office lease and utilities from Ratchapruet Engineering Company Limited with lease price set at market rates and utility income charged in accordance with the electricity bill received from the electricity authority. <ul style="list-style-type: none"> • Office lease income • Utility income 	144,000 73,853	144,000 127,766		
	<ul style="list-style-type: none"> ▶ Outstanding Amount <ul style="list-style-type: none"> • Trade receivables 	24,414	69,474		
	<u>Other Income</u> <ul style="list-style-type: none"> ▶ The Company received income from the sale of idle equipment to Ratchapruet Engineering Company Limited at a price comparable to the market. 	70,000	-none-		

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

Bank	Nature of Related Party Transaction	Transaction Value for the 12-month Period Ended 31 December 2017 (THB)	Transaction Value for the 12-month Period Ended 31 December 2018 (THB)	Collateral	Guarantor
1. Siam Commercial Bank	<u>Guarantee</u> <ul style="list-style-type: none"> ▶ Letter of Guarantee <ul style="list-style-type: none"> • Drawdown Amount ▶ Loan Amount <ul style="list-style-type: none"> • Drawdown Amount 	220,000,000 187,856,000	607,000,000 362,330,687	<ul style="list-style-type: none"> ▶ Land and buildings title deed numbers 111802, 111803, 111804, certificate of utilization (Nor Sor 3) located at 239 Huaypong Sub-district, Muang 	<ul style="list-style-type: none"> ▶ Takuni Group Public Company Limited ("TAKUNI") ▶ Mr.Chung Sik Hong
		250,000,000 205,300,000	250,000,000 169,540,000		

Bank	Nature of Related Party Transaction	Transaction Value for the 12-month Period Ended 31 December 2017 (THB)	Transaction Value for the 12-month Period Ended 31 December 2018 (THB)	Collateral	Guarantor
	<ul style="list-style-type: none"> ▶ Overdraft • Drawdown Amount 	5,000,000 -none-	5,000,000 -none-	Rayong owned by CAZ (Thailand) Public Company Limited, mortgaged as collateral	(As at February 2019, the bank is in the process of releasing TAKUNI from being a guarantor after the company was successfully listed on the Market for Alternative Investment (mai).
2. TMB Bank	<u>Guarantee</u> <ul style="list-style-type: none"> ▶ Letter of Guarantee • Drawdown Amount 	200,000,000 22,275,000	200,000,000 2,200,000	<ul style="list-style-type: none"> ▶ For the 12-month period ended 31 December 2017, a savings account valued THB 50,000,000 of Takuni Group Public Company Limited was used as collateral. ▶ For the 12-month period ended 31 December 2018, a savings account valued THB 660,000 of Takuni Group Public Company Limited was used as collateral. 	<ul style="list-style-type: none"> ▶ Takuni (Thailand) Company Limited ("TT") ▶ Mr.Chung Sik Hong ▶ Mr.Yeong Cheol Choi ▶ Mr.Wang Youp Jhee <p>(Letter of Guarantee for the PTT LNG IPG Civil work Project. As at February 2019, the Company has already returned this L/G to the bank.)</p>
3. Kasikornbank	<u>Guarantee</u> <ul style="list-style-type: none"> ▶ Letter of Guarantee • Drawdown Amount 	400,000,000 232,044,000	400,000,000 400,000,000	<ul style="list-style-type: none"> ▶ Land and buildings title deed numbers 11943, 72755, 72756, 72757, 72758, 72759, 72760, 72761, 72762, 114774, 114777, 114778, 114779, 114780, 114781, 120079, 133885 located at Bangkhae Sub-district (Lak Song), Phasi Charoen District, Bangkok owned by Takuni (Thailand) Company Limited, mortgaged as collateral <p>(As at February, 2019, the Company is in process replacing the current collateral with cash received from the issuance and offering of new shares of approximately THB 100 million to the bank.)</p>	<ul style="list-style-type: none"> ▶ Takuni Group Public Company Limited ("TAKUNI") ▶ Takuni (Thailand) Company Limited ("TT") ▶ G Gas Logistics Company Limited ("GG") ▶ Ratchapruerk Engineering Company Limited ("RE") ▶ Mr.Chung Sik Hong <p>(As at February 2019, the bank is in the process of releasing TAKUNI, TT, GG, and RE from being guarantor after the Company was successfully listed on the Market for Alternative Investment (mai).</p>
	<ul style="list-style-type: none"> ▶ Overdraft • Drawdown Amount 	10,000,000 -none-	10,000,000 -none-		
	<ul style="list-style-type: none"> ▶ Letter of Guarantee Issuance Fee 	-none-	301,385		

Bank	Nature of Related Party Transaction	Transaction Value for the 12-month Period Ended 31 December 2017 (THB)	Transaction Value for the 12-month Period Ended 31 December 2018 (THB)	Collateral	Guarantor
4. Kasikornbank	<u>Guarantee</u> ▶ Letter of Guarantee • Drawdown Amount	160,000,000 -none-	160,000,000 40,507,270	▶ Land and buildings title deed numbers 30696 and 30697 located at Ban Pathum Sub-district, Sam Khok District, Pathum Thani owned by Takuni Group Public Company Limited, mortgaged as collateral (As at February, 2019, the Company is in process replacing the current collateral with cash received from the issuance and offering of new shares of approximately THB 100 million to the bank.)	▶ Takuni Group Public Company Limited ("TAKUNI") ▶ Takuni (Thailand) Company Limited ("TT") ▶ Ratchapruerk Engineering Company Limited ("RE") ▶ Mr.Chung Sik Hong (As at February 2019, the bank is in the process of releasing to relieve TAKUNI, TT, and RE from being guarantor after the Company was successfully listed on the Market for Alternative Investment (mai).)
5. Kasikornbank	<u>Guarantee</u> ▶ Loan Amount • Drawdown Amount	100,000,000 -none-	100,000,000 13,177,756		▶ Takuni Group Public Company Limited ("TAKUNI") ▶ Takuni (Thailand) Company Limited ("TT") ▶ Mr.Chung Sik Hong (As at February 2019, the bank is in the process of releasing TAKUNI and TT from being guarantor after the Company was successfully listed on the Market for Alternative Investment (mai).)
6. Kasikornbank	<u>Guarantee</u> ▶ Loan Amount • Drawdown Amount	-none- -none-	72,714,000 72,713,893	▶ For the 12-month period ended 31 December 2018, a fixed deposit account valued THB 20,789,750 of CAZ (Thailand) Public Company Limited was used as collateral. Divided into 1. Letter of Guarantee line of THB 59,342,000 and guarantee amount of THB 7,417,750 for PTTGC ORP Structure Fabrication Project which will	▶ Takuni Group Public Company Limited ("TAKUNI") ▶ Mr.Chung Sik Hong (As at February 2019, the bank is in the process of releasing relieve TAKUNI and TT from being guarantor after the Company was successfully listed on the Market for Alternative Investment (mai))

Bank	Nature of Related Party Transaction	Transaction Value for the 12-month Period Ended 31 December 2017 (THB)	Transaction Value for the 12-month Period Ended 31 December 2018 (THB)	Collateral	Guarantor
				come to the end of its term on 29 February 2020 and 2. Bid bond of THB 13,372,000 (guarantee amount of THB 13,372,000) which will come to the end of its term on 28 December 2018	
7. Bangkok Bank	<u>Guarantee</u> ▶ Loan Amount • Drawdown Amount	20,000,000 15,680,000	20,000,000 12,800,000	Project finance guaranteed by Thai Credit Guarantee Corporation	▶ Takuni (Thailand) Company Limited ("TT") ▶ Mr.Chung Sik Hong (Both guarantors have been relieved on 29 August 2018)

4. Related Party Transaction Approval Measures or Procedures

In 2017, the Company as a private company was not governed by the Securities and Exchange Law and regulations set by the Stock Exchange of Thailand with regards to entering into related party transactions, with directors or executives considering and approving related party transactions for the greatest benefit of the Company.

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

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

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

For future related party transactions, the Company will proceed in accordance with the aforementioned. However, in the case of related party transactions which require the opinion of the Audit Committee in accordance with rules and regulations of the Stock Exchange of Thailand on related party transactions, the Company will ask for the Audit Committee's opinion on the necessity and appropriateness of such transaction. The Company has no policy to give out loans to persons who may have conflicts of interest or persons related to such group unless such event is in line with the Company's regulation in relation to employee benefits or the Company's authority index in relation to financial

aid in shareholding proportion to juristic persons which the Company is a shareholder. Moreover, should the Company engage in related party transactions as mentioned above, the Company will seek the opinion of the Audit Committee with regards to appropriateness of such transaction. In case that the Audit Committee has no expertise in considering the related party transaction which has occurred, the Company will seek the opinion of a specialist such as auditor or independent asset appraiser. The opinion of the Audit Committee or the specialist will be used to support the Board of Directors' decision, on a case-by-case basis, to ensure that such transactions are not intended to constitute any transfer of benefits between the Company or persons who may have conflicts of interest but are for the greatest benefit of shareholders.

Management Discussion and Analysis: MD&A



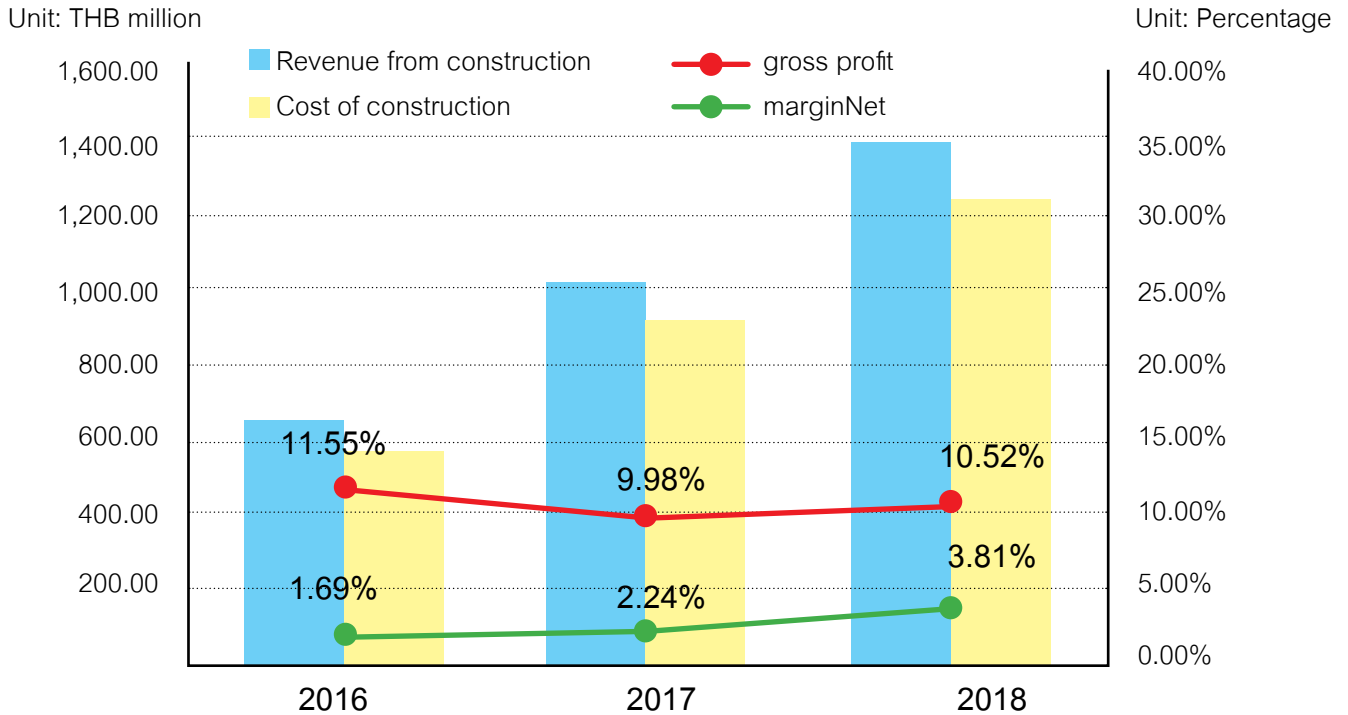
1. Overview of the Company's Business O

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

In 2017, revenues from construction amounted to THB 1,019.29 million and rose to THB 1,387.08 million in 2018. This spike in growth was due to economic conditions which stimulated investment in the Eastern region in accordance with government policies as well as good quality of construction service to the clients' satisfaction, leading to the Company being awarded projects in bids from target clients in accordance with set plans. The Company's operating performance in the past year is as follows.

2. Analysis of Operating Performance and Profitability

The Company's operating performance for the year ended 31 December 2016 to 31 December 2018 is as follows.
Summary of Key Operating Performance Figures in 2016-2018



Clients

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

Revenue Contribution by Client	2016		2017		2018	
	Amount	Percentage	Amount	Percentage	Amount	Percentage
Clients of Korean nationality	273.65	42.02	131.90	12.94	800.20	57.69
Other client groups	377.65	57.98	887.39	87.06	586.88	42.31
Total	651.30	100.00	1,019.29	100.00	1,387.08	100.00

Revenues from Construction Service

Revenues from construction service are mainly from provision of construction service in heavy industries, comprising of the initial value of the project as agreed upon in the contract and additions to the value from changes in the contract relating to increasing the scope of work, project modifications, or damage claims should there be certainty in revenue incurrence and value can be reliably measured. Revenues and costs of the provision of service in accordance with the contract are recognized in the statement of comprehensive income on a percentage of completion basis, calculated from the comparison between actual costs incurred as at the end of the period and the expected total costs of construction as per the contract. Usually, the nature of revenue recognition based on project progress would be such that the early and near completion phases of the project would have relatively less construction work as the early phases involves site preparation and the phase near completion involves finalizing minor details. Thus, more construction work is involved in the middle phase of the project, translating into recognition of a higher amount

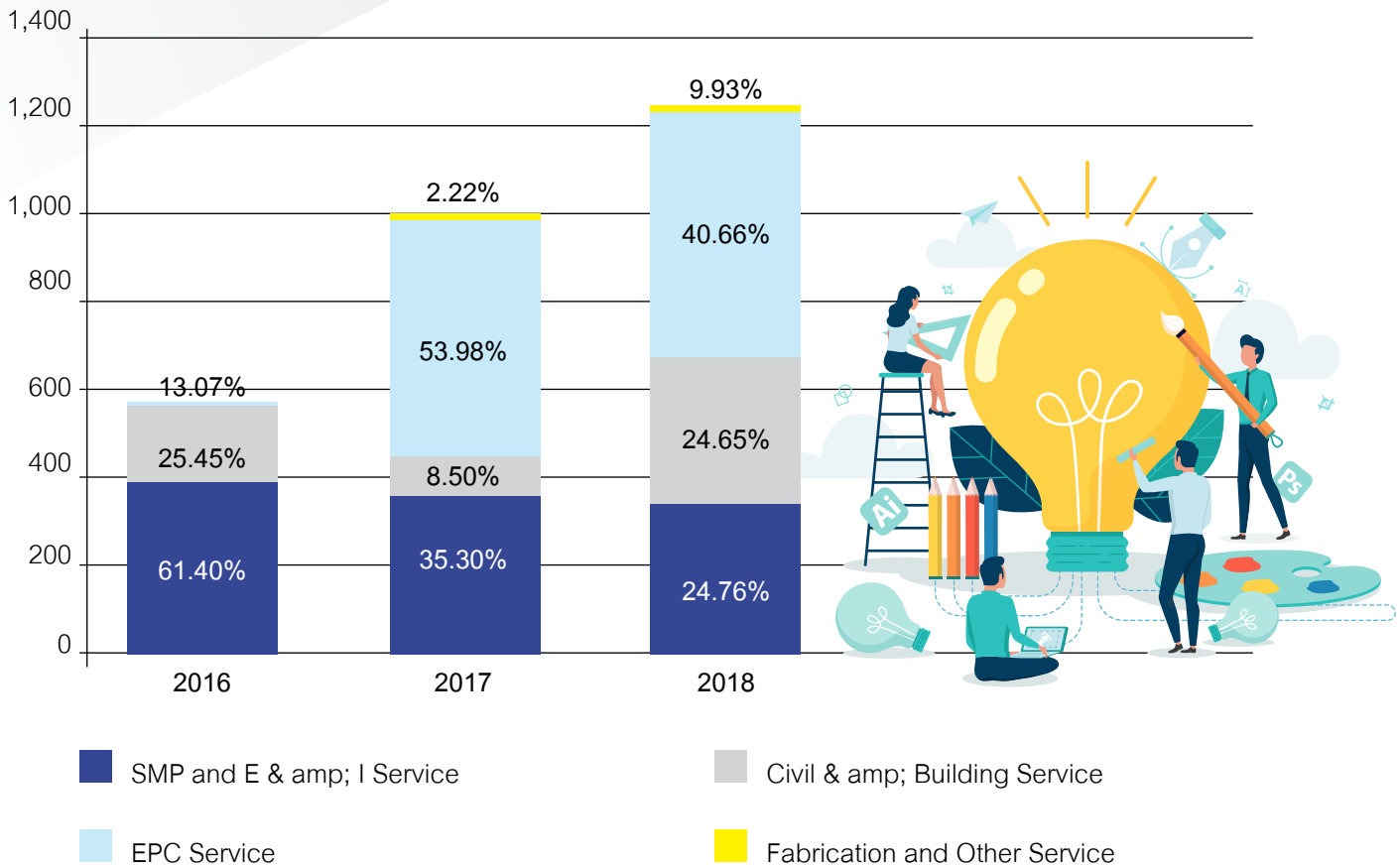
of revenues. Construction service revenues can be divided into the following categories.

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

Revenue Composition by Type of Service Provided in 2016-2018

Unit: THB million

Unit: Percentage



The Company's revenues from construction service amounted to THB 1,019.29 million and THB 1,387.08 million in 2017 and 2018, respectively, translating into a 36.08% increase from 2017.

In 2017, the Company's service revenues amounted to THB 1,019.29 million, comprising of backlog from projects awarded in 2016 and new bids in 2017 such as PTT LNG Cold Water (construction of Cold Water Generation Plant in an electricity generation project for use in LNG station) with project value of THB 642.40 million and PTT Wongnoi Compressor Station (compressor station project on the Ratchaburi-Wangnoi natural gas piping system) with project value of THB 356.00 million. As such, recognition of revenues in 2017 in accordance with project progress was higher, with EPC service revenues contributing 53.98% of total revenues from construction, followed by structural mechanical piping and electrical and instrument service contributing 35.30 and civil and building service contributing 8.50%.

In 2018, the Company's service revenues amounted to THB 1,387.08 million, an increase from the previous year, as a result of revenue recognition of backlog from projects awarded since 2016 in accordance with project progress as well as 11 new bids in 2018 comprising mainly of PTT Tank, PTT LNG Cold Water, and PTT Wangnoi Compressor Station projects.

Details	2016	2017	2018
Value of projects not yet recognized as revenue (beginning of period)	230.31	670.69	941.70
Value of projects awarded within period	1,091.68	1,290.30	2,917.72
Value project revenue recognition within period	651.30	1,019.29	1,387.08
Value of projects not yet recognized as revenue (end of period)	670.69	941.70	2,472.34

Other Revenues

The Company's other revenues in 2017-2018 amounted to THB 2.69 million and THB 2.79 million, respectively, reflecting 0.26% and 0.20% of total revenues. Other revenues increased by THB 0.10 million in 2018, reflecting a 3.66% increase from the previous year. Other revenues include revenue from factory space rental and revenue from sale of metal scraps or other assets such as equipment or tools no longer used by the Company.

Cost of Construction Service

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

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

In 2017-2018, the Company's cost of construction service amounted to THB 917.54 million and THB 1,241.09 million, respectively, reflecting 90.02% and 89.48% of construction service revenues. In 2018, construction service costs as a percentage of construction service revenues decreased from the previous year due to efficient cost control, monitoring, and management. However, construction costs in 2018 increased by THB 323.55 million from the previous year, equivalent to a 35.26% increase, consistent with the increase in revenues.

Administrative Expenses

Key composition of the Company's administrative expenses include personnel expenses such as salaries, bonus, and other compensation, audit fees, training and seminar fees, depreciation, utility expenses, and insurance expenses. Administrative expenses in 2017-2018 amounted to THB 58.54 million and THB 66.10 million, respectively, reflecting a 5.74% and 4.77% of construction service revenues.

In 2018, an increase in administrative expenses of THB 7.56 million or 12.92% from the previous year was due to the increase in personnel expenses from new hires to support the increasing number of projects as well as increase in other expenses such as training and seminar fees, audit fees, director remuneration, and utility expenses.

Finance Costs

Finance costs are interest expenses from sourcing of funds for use in business operations. The Company took out long-term loans from a financial institution since Quarter 3 of 2016 to invest in the purchase of land, building, and equipment. However, finance costs in 2018 amounted to THB 12.90 million, a THB 3.75 million or 22.54% decrease from 2017 as a result of principal repayments made during the period.

Profitability

Gross profit and net profit for 2017-2018 can be summarized as follows.

Profitability	2017		2018	
	Amount	Percentage	Amount	Percentage
Gross profit	101.75	9.98	145.99	10.52
Net profit attributable to Owner of the parent	22.91	2.24	52.98	3.81

Gross profit in 2017-2018 amounted to THB 101.75 million and THB 145.99 million, respectively, reflecting gross profit margin of 9.98% and 10.52% of construction service revenues, which is relatively stable as executives monitored total project costs in accordance with set budget, closely reviewed and followed-up on operating results, as well as planned appropriate construction projects and personnel allocation, leading to efficient construction cost management. Net profit attributable to equity holders of the Company for 2017-2018 amounted to THB 22.91 million and THB 52.98 million, respectively, reflecting net profit margin of 2.24% and 3.81% of total revenues. The increase in net profit was due to efficient construction cost management, appropriate cost control, and continuous growth in revenues at a rate higher than that of costs.

3. Analysis of Financial Position

Statement of Financial Position

Items	31 December 2018	31 December 2017	Increase (Decrease)	Percentage
Assets				
Current Assets				
▶ Cash and cash equivalents	35.22	91.98	(56.76)	(61.71)
▶ Trade and other receivables	208.40	165.67	42.74	25.80
▶ Unbilled receivables	273.72	88.85	184.87	208.08
▶ Inventories	135.92	2.52	133.40	5,299.93
▶ Refundable tax	-	17.05	(17.06)	(100.00)
▶ Other current assets	6.85	4.83	2.02	41.70
Total Current Assets	660.11	370.90	289.21	77.97
Non-Current Assets				
▶ Restricted bank deposits	20.79	-	20.79	100.00
▶ Property, plant, and equipment	357.14	314.79	42.35	13.45
▶ Intangible asset	11.65	9.13	2.52	27.64
▶ Retention receivables	37.25	5.49	31.76	578.06
▶ Withholding tax deducted at source	61.31	27.45	33.86	123.35
▶ Deposits	0.85	0.95	(0.10)	(10.29)
▶ Deferred tax assets	0.67	0.42	0.25	58.34

Items	31 December 2018	31 December 2017	Increase (Decrease)	Percentage
Total Non-Current Assets	489.65	358.23	131.42	36.69
Total Assets	1,149.76	729.13	420.63	57.69
Liabilities and Equity				
Current Liabilities				
▶ Short-term borrowings from banks	59.18	-	59.18	100.00
▶ Trade and other payables	286.57	171.60	114.98	67.01
▶ Advance received from construction and Service income received in advance	422.43	163.81	258.62	157.88
▶ Current portion of long-term borrowings from banks	38.64	38.64	-	-
▶ Current portion of liabilities under finance lease agreements	1.45	1.23	0.22	17.64
▶ Other Current Liabilities	22.16	21.45	0.71	3.33
Total Current Liabilities	830.43	396.73	433.71	109.32
Non-Current Liabilities				
▶ Long-term borrowings from banks	143.70	182.34	(38.64)	(21.19)
▶ Finance lease liabilities	3.00	1.27	1.73	135.55
▶ Retention payables	7.96	5.49	2.47	45.08
▶ Employee benefit obligations	3.07	1.79	1.28	70.90
Total Non-Current Liabilities	157.72	190.89	(33.17)	(17.38)
Total Liabilities	988.16	587.62	400.54	68.16
Equity				
Registered capital	140.00	100.00	40.00	40.00
▶ Paid-up capital	100.00	100.00	-	-
Retained earnings				
▶ Appropriated – legal reserve	5.09	1.13	3.96	350.61
▶ Unappropriated	44.31	29.98	14.33	47.80
Other components of equity				
- Share-based payment	8.45	6.37	2.08	32.70
Equity attributable to owners of the parent	157.85	137.48	20.37	14.82
Non-controlling interests	3.75	4.03	(0.28)	(6.84)
Total Equity	161.60	141.51	20.09	14.20
Total Liabilities and Equity	1,149.76	729.13	420.63	57.69

Assets

As at 31 December 2017 and 31 December 2018, the Company's assets amounted to THB 729.13 million and THB 1,149.76 million, respectively, with THB 420.63 million increase in assets in 2018. Details on changes in the Company's assets can be summarized as follows.

1. Cash and Cash Equivalents

As at 31 December 2017 and 31 December 2018, cash and cash equivalents amounted to THB 91.98 million and THB 35.22 million, respectively, reflecting 12.61% and 3.06% of total assets. Cash and cash equivalents in 2018 decreased by THB 56.76 million from 2017 as a result of investments in fixed asset for operations such as equipment and tools used in construction as well as factory expansion to support new projects, payment of trade payables due, and payment of interim dividends.

2. Trade and Other Receivables

The Company records trade receivables in accordance with invoices issued for completed milestones after delivery of work. The Company's policy is to offer credit terms to clients of approximately 30-45 days. Thus, the Company's aging analysis of trade receivables showed most of the Company's trade receivables being those which are not yet due and those overdue within the period 3 months. Trade and other receivables - net as at 31 December 2017 and 31 December 2018 amounted to THB 165.67 million and THB 208.41 million, comprising 22.72% and 18.13% of total assets.

As at 31 December 2018, net trade and other receivables increased by THB 42.74 million, or 25.80%, from the previous year with the increase in the value of the Company's construction service projects in which trade receivables arise once the Company bills its clients. Most of the trade receivables belong to players in the petrochemical industry who have the ability to pay the amount owed, and may have detailed processes in the inspection of work and document checks which could lead to delayed payment.

Details on trade receivables are as follows.

Aging of Trade Receivables	2017		2018	
	THB million	Percentage	THB million	Percentage
Not yet due				
▶ Unrelated parties	148.14	99.48	106.11	59.32
▶ Related parties	0.02	0.01	54.63	30.54
Overdue				
Within 3 months				
▶ Unrelated parties	-	-	17.89	10.00
▶ Related parties	-	-	0.05	0.03
3 – 6 months				
▶ Unrelated parties	0.55	0.37	-	-
6 – 12 months				
	-	-	-	-
Over 12 months				
	0.20	0.14	0.20	0.11
Total Trade Receivables	148.91	100.00	178.88	100.00
Less Allowance for doubtful accounts	0.20		0.20	
Trade Receivables - Net	148.71		178.68	

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

Period Overdue (Months)	Portion of Allowance for Doubtful Accounts (Percentage)
12 – 18	25.00
18 – 24	50.00
Over 24	100.00

Allowance for doubtful accounts as at 31 December 2018 amounted to THB 0.20 million, which is a debtor with overdue payment exceeding 24 months. The Company has followed-up on such payment but received no response from such party. The Company is in the process of conducting write-off of such allowance for doubtful accounts in accordance with the Revenue Department's principles. Moreover, except for the aforementioned case, the Company has never set allowance for doubtful accounts for any other transaction and was able to collect from all debtors.

3. Inventories

As the Company's nature of business is the provision of construction service based on client orders, the Company has no inventory in the form of finished goods. Inventories comprise of raw materials including materials and equipment awaiting installation such as steel plates and steel pipes for piping system installation. Inventories as at 31 December 2017 and 31 December 2018 amounted to THB 2.52 million and THB 135.92 million, respectively, equivalent to 0.35% and 11.82% of total assets.

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

4. Unbilled Receivables

Unbilled receivables reflect the value of revenues in accordance with percentage of completion which have not been billed to clients comprising of projects delivered but not yet inspected by the client. In the usual case, there would be a portion of project value according to the contract which have not been billed from the client as project progress and the duration of invoice issuance for billing do not match. Invoice is only issued once the Company performs delivery of work and the client signs off on the inspection of the project by project progress (certificate of progression is divided into Mechanic Certificate (MC), Performance Acceptance Certificate (PAC), Initial Acceptance Certificate (IAC), and Final Acceptance Certificate (FAC)). Milestone payment as specified in the contract takes approximately 7-14 days on average to perform checks (after the Company submits documentation on delivery of work at the end of every month), after which the Company would issue invoice for the clients' signature and send the Accounting Department a copy to record revenues and follow-up on payment in accordance with the credit terms. Such process of checks result in the majority of revenue by progress (calculated from actual costs) at the end of each month of value exceeding that invoiced to the clients at the end of the month.

As at 31 December 2017 and 31 December 2018, the Company's unbilled receivables amounted to THB 88.85 million and THB 273.72 million, respectively, equivalent to 12.19% and 23.81% of total revenues. As at 31 December 2018, unbilled receivables compared to the previous year was higher due to work in progress, a portion of which has

been delivered and a portion of which hasn't, in accordance with the aforementioned process.

5. Refundable Tax and Withholding Tax Deducted at Source

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

Withholding tax categorized as non-current asset as at 31 December 2017 and 31 December 2018 amounted to THB 27.45 million and THB 61.31 million, respectively. The increase in such amount was in accordance with the increase in construction service contract each year, with a portion of construction service revenues being deducted as withholding tax for every payment by clients.

However, refundable tax of THB 17.05 million as at 31 December 2017 have been fully refunded during the year 2018. Thus, the Company had no refundable tax at the end of 2018.

6. Property, Plant, and Equipment

Property, plant, and equipment mainly comprise of land, factory, office building, vehicles, construction machinery, and engineering testing devices. As at 31 December 2017 and 31 December 2018, property, plant, and equipment amounted to THB 314.79 million and THB 357.14 million, reflecting 43.17% and 31.06% of total assets.

The increase in property, plant, and equipment in 2018 was due to the purchase of machinery, equipment, and trucks to support the provision of construction service for an increasing amount of new projects.

7. Retention Receivables

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

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

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

As at 31 December 2017 and 31 December 2018, the Company's retention receivables amounted to THB 5.49 million and THB 37.25 million, reflecting 0.75% and 3.24% of total assets. Retention receivables in 2018 increased by THB 31.76 million as the Company was deducted retention amount for delivery of milestones for different projects in 2018 in accordance with the aforementioned processes.

Liabilities

As at 31 December 2017 and 31 December 2018, the Company's total liabilities amounted to THB 587.62 million and THB 988.16 million, respectively, reflecting 80.59% and 85.94% of total liabilities and equity. Total liabilities increased by THB 400.54 million, equivalent to a 68.16% increase.

As at the end of 2018, details on key liabilities of the Company are as follows.

1. Short-term borrowings from banks

Bank overdrafts of THB 59.18 million are short-term borrowings from the bank for use as working capital. However, the Group of Companies repaid such amount in January 2019.

2. Trade and Other Payables

Trade and other payables comprise of materials creditors, subcontractor cost, accrued costs, provision for damage from defective service after project delivery, set up in the case of lawsuits. As at 31 December 2017 and 31 December 2018, trade and other payables amounted to THB 286.57 million and THB 171.60 million, respectively, reflecting a 67.01% increase, due to increased procurement of construction material and goods and employment of subcontractors in accordance with the increased number of projects of the Company. However, the Company has credit terms for payment of 45-90 days.

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

Advances received from construction contracts and construction income received in advance are amounts of service income which the Company received in accordance with milestones specified in the construction contract but unable to recognize as revenues based on percentage of completion or advances as specified in the contract such as advances receivable at contract execution. As at 31 December 2017 and 31 December 2018, the Company had THB 422.43 million and THB 163.81 million of advances received from construction contracts and construction income received in advance, respectively. The THB 258.62 million or 157.88% increase was due to advances collected at the commencement of new projects, which rose significantly from the previous year.

If the Company was able to provide construction services in accordance with percentage of completion, the Company would record revenues in place of service revenue received in advance, in proportion to project progress.

4. Other Current Liabilities

Other current liabilities include undue sales tax, withholding tax pending delivery, and accrued social security expense, etc. As at 31 December 2017 and 31 December 2018, other current liabilities amounted to THB 21.45 million and THB 22.16 million, respectively, reflecting 2.94% and 1.93% of total liabilities and equity. The increase in other current liabilities as at 31 December 2018 was the result of undue sales tax and Revenue Department payables in accordance with increased trade receivables and service revenue received in advance.

5. Long-Term Borrowings from Banks

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

As at 31 December 2017 and 31 December 2018, long-term borrowings amounted to THB 182.34 million and THB 143.70 million, respectively, reflecting 25.01% and 12.50% of total liabilities and equity. The decrease of THB 38.64

million was in accordance with principal repayment specified in the contract within the time period.

As at 31 December 2017 and 31 December 2018, current portion of long-term borrowings amounted to THB 38.64 million and THB 38.64 million, respectively, reflecting 5.30% and 3.36% of total liabilities and equity.

Equity

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

However, in January 2019, the Company issued 80,000,000 new shares to the public (IPO) at the IPO price of THB 3.90 per share, resulting in total amount of THB 312.00 million. Shares of the Company traded on the Stock Exchange on 22 January 2019, and THB 100.00 million of proceeds from the offering were used as collateral with bank, THB 172.00 million would be used as working capital, and the remaining THB 40.00 would be used in the investment of equipment for business operations.

Dividend Payment

The Extraordinary General Meeting of shareholders held on 22 November 2017 approved dividend payment of THB 26.33 per share, totaling THB 7.50 million, paid from the Company's operating results from 1 January 2014 to 31 December 2014. The Company paid such dividends on 18 December 2017.

The Extraordinary General Meeting of shareholders held on 22 November 2017 approved dividend payment of THB 21.46 per share, totaling THB 6.12 million, paid from the Company's operating results from 1 January 2015 to 31 March 2015. The Company paid such dividends on 18 December 2017.

The Extraordinary General Meeting of shareholders held on 22 November 2017 approved dividend payment of THB 13.52 per share, totaling THB 7.37 million, paid from the Company's operating results from 1 April 2015 to 31 December 2015. The Company paid such dividends on 18 December 2017.

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

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

Analysis of Liquidity

Unit: THB million

Cash Flow	2017	2018
Net cash generated (used) in operating activities	211.16	33.29
Net cash generated (used) in investing activities	(27.95)	(73.16)
Net cash generated (used) in financing activities	(98.71)	(16.89)
Net increase (decrease) in cash and cash equivalents	84.50	(56.76)

1. Cash Flows from Operating Activities

For the 12-month period ended 31 December 2017 and 31 December 2018, the Company's net cash generated (used) in operating activities amounted to THB 211.16 million and THB 33.29 million, respectively. In 2018, most of the cash flows were used for the procurement of inventories, coupled with trade and other receivables, unbilled revenues, and restricted bank deposits.

Moreover, the Company had cash flows from advances for construction project from the execution of new service contracts during the year 2018 and receipt of refundable tax in the same period.

2. Cash Flows from Investing Activities

For the 12-month period ended 31 December 2017 and 31 December 2018, the Company's net cash generated (used) in investing activities amounted to THB (27.95) million and THB (73.16) million, respectively. Key investments of the Company include the purchase of equipment and machinery as well as intangible assets to support the growth in construction business.

3. Cash Flows from Financing Activities

For the 12-month period ended 31 December 2017 and 31 December 2018, the Company's net cash generated (used) in financing activities amounted to THB (98.71) million and THB (16.89) million, respectively. This reflected dividend payments of THB 20.99 million and THB 38.64 million in 2017 and 2018, respectively. In addition, the Company also made repayments to banks and related parties

Key Financial Ratios

1. Liquidity Ratio

As at 31 December 2017 and 31 December 2018, the current ratio calculated from the Company's consolidated financial statements was at 0.93 times and 0.79 times, respectively, and quick ratio was at 0.65 times and 0.29 times respectively. The decrease in the Company's liquidity ratios was due to the utilization of cash in repaying loans from financial institution and payment made for trade payables due. Moreover, the Company had higher trade payables from the purchase of materials to support the increase in construction projects.

2. Return on Equity

In 2017-2018, the Company's return on equity was at 19.78% and 35.88%, respectively. The increase in return on equity was mainly due to sharp spike in the Company's operating profits as compared to the previous year.

3. Return on Assets

In 2017-2018, the Company's return on assets was at 7.11% and 8.80%. The increase in return on assets was mainly due to sharp spike in the Company's operating profits as compared to the previous year.

Report on the Board of Directors' Responsibilities for Financial Statements

Board of Directors is responsible for consolidated financial statements of CAZ (Thailand) Public Company Limited and its subsidiaries which prepared in accordance with generally accepted accounting principles, under Accounting Act, B.E. 2543 and the financial reporting requirements of the Securities and Exchange Commission under the Securities and Exchange Act, B.E. 2535. The board has thoroughly selected appropriate accounting policies and exercised it in a consistent manner as well as disclosed adequate information in notes to financial statements. In addition, the company's auditor has audited the consolidated financial statements and independently gives an opinion in the auditor's report.

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

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

(Mr. Narongrit Tavornvisitporn)
Chairman of Director

(Mr. Chung Sik Hong)
Chief Executive Officer / President

**CAZ (THAILAND) PUBLIC COMPANY LIMITED
(FORMERLY “CAZ (THAILAND) COMPANY LIMITED:)**

Consolidated and separate financial statement

31 December 2018

Independent Auditor's Report

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

My opinion

In my opinion, the consolidated financial statements of CAZ (Thailand) Public Company Limited (the Company) and its subsidiaries (the Group) and the separate financial statements of the Company present fairly, in all material respects, the consolidated and separate financial position of the Group and of the Company as at 31 December 2018, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with Thai Financial Reporting Standards (TFRSs).

What I have audited

The consolidated financial statements and the separate financial statements comprise:

- the consolidated and separate statements of financial position as at 31 December 2018;
- the consolidated and separate statements of comprehensive income for the year then ended;
- the consolidated and separate statements of changes in equity for the year then ended;
- the consolidated and separate statements of cash flows for the year then end; and
- the notes to the consolidated and separate financial statements, which include a summary of significant accounting policies.

Basis for opinion

I conducted my audit in accordance with Thai Standards on Auditing (TSAs). My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated and separate financial statements section of my report. I am independent of the Group and the Company in accordance with the Federation of Accounting Professions under the Royal Patronage of His Majesty the King's Code of Ethics for Professional Accountants together with the ethical requirements that are relevant to my audit of the consolidated and separate financial statements, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key audit matters

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

Key audit matter	How my audit addressed the key audit matter
<p>Revenue recognition under construction contracts</p> <p>Refer to revenue recognition in Note 2.19, critical accounting estimates and judgements in Note 4 and assets and liabilities of construction contracts in Note 9.</p> <p>The Group recognises revenue from construction contracts arising from procurement and construction of oil and gas systems by using the percentage of completion method. The stage of completion is measured based on the proportion of contract costs incurred for the work performed to date compared to the estimated total cost of the project.</p> <p>The total cost of construction contracts is determined by estimating the costs from the reports of raw materials, direct labour, and overhead costs that are directly related to the construction project. This relates to management's judgement in estimating the total expected cost of construction until its completion for each project.</p> <p>I focused on the total estimated cost of construction contracts and the appropriateness of management's assessment of the portion of work already completed due to the magnitude of the amount. The revenue from the construction contracts represents total revenue in the consolidated financial statements. Moreover, this matter related to the fact that management had used significant judgement when preparing budget costs and reviewing the estimation of the percentage of completion for each project and the consideration on any potential provision for project loss.</p>	<p>I understood and evaluated the budgeting process for estimating the construction cost of each project and the method management made the estimation, which was significant in estimating the percentage of completion.</p> <p>I assessed the appropriateness of the percentage of completion as well as the appropriateness and accuracy of information used to calculate the construction cost and the actual costs incurred during the year, and also tested the calculation of revenue recognised during the year.</p> <p>I tested the actual costs incurred by:</p> <ul style="list-style-type: none"> • inspecting the actual costs incurred with invoices or receipts • reconciling the actual costs incurred with the detail of materials consumption for the construction project, and • testing completeness of actual costs incurred by focussing on cut-off expenses related to the construction costs. <p>Regarding the estimated cost, I made enquiries with the project engineers and examined the estimated construction cost with supporting documents including contracts related to construction costs, purchase orders and supporting details for estimated costs.</p> <p>I also made enquiries with management and investigated any losses associated with contracts, and considered whether a provision was necessary. I found no exceptions on this issue.</p> <p>Based on my procedures performed, I found that the key assumptions that the management used were reasonable and appropriate based on the environment and circumstances.</p>

Other information

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

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

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

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

Responsibilities of the directors for the consolidated and separate financial statements

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

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

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

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

My objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with TSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group and the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

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

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

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

PricewaterhouseCoopers ABAS Ltd.



Nattaporn Phan-Udom

Certified Public Accountant (Thailand) No. 3430

Bangkok

26 February 2019

Statement of Financial Position

As at 31 December 2018

	Notes	Consolidated financial statements		Separate financial statements	
		31 December	31 December	31 December	31 December
		2018	2017	2018	2017
		Baht	Baht	Baht	Baht
Assets					
Current assets					
Cash and cash equivalents	7	35,218,564	91,978,902	34,786,190	90,814,169
Trade and other receivables	8	208,401,279	165,665,504	245,052,247	172,593,484
Unbilled receivables	9	273,718,443	88,847,270	273,718,443	88,847,270
Inventories	10	135,916,596	2,517,008	135,916,596	2,517,008
Short-term loans					
to related parties	25	-	-	18,000,000	5,000,000
Refundable tax		-	17,055,505	-	15,917,358
Other current assets		6,854,810	4,837,537	6,246,101	4,721,928
Total current assets		660,109,692	370,901,726	713,719,577	380,411,217
Non-current assets					
Restricted bank deposits	7	20,789,750	-	20,789,750	-
Investment in subsidiary	11	-	-	3,000,000	2,100,000
Property, plant and equipment	12	357,135,633	314,788,211	341,843,888	311,338,394
Intangible asset	13	11,647,006	9,125,240	11,590,389	9,061,484
Retention receivables	9	37,250,508	5,493,711	37,250,508	5,493,711
Withholding tax deducted					
at source		61,305,975	27,448,061	55,313,948	25,687,808
Deposits		850,779	948,353	609,779	817,353
Deferred tax assets	14	667,802	421,752	604,079	411,541
Total non-current assets		489,647,453	358,225,328	471,002,341	354,910,291
Total assets		1,149,757,145	729,127,054	1,184,721,918	735,321,508

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

Statement of Financial Position (Cont'd)

As at 31 December 2018

	Notes	Consolidated financial statements		Separate financial statements	
		31 December	31 December	31 December	31 December
		2018	2017	2018	2017
		Baht	Baht	Baht	Baht
Liabilities and equity					
Current liabilities					
Short-term borrowings from banks	15	59,179,723	-	59,179,723	-
Trade and other payables	16	286,574,663	171,596,121	331,174,240	184,624,861
Advance received from construction contracts and construction income received in advance	9	422,434,493	163,812,489	422,434,493	163,812,489
Current portion of long-term borrowings from banks	15	38,640,000	38,640,000	38,640,000	38,640,000
Current portion of liabilities under finance lease agreements	15	1,446,742	1,229,788	1,306,878	1,095,378
Other current liabilities		22,158,531	21,445,428	19,726,251	19,858,322
Total current liabilities		830,434,152	396,723,826	872,461,585	408,031,050
Non-current liabilities					
Long-term borrowings from banks	15	143,700,000	182,340,000	143,700,000	182,340,000
Finance lease liabilities	15	2,995,331	1,271,628	2,593,983	730,417
Retention payables		7,959,970	5,486,711	11,277,273	5,679,866
Employee benefit obligations	17	3,066,053	1,794,021	2,756,194	1,745,606
Total non-current liabilities		157,721,354	190,892,360	160,327,450	190,495,889
Total liabilities		988,155,506	587,616,186	1,032,789,035	598,526,939

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

Statement of Financial Position

As at 31 December 2018

	Notes	Consolidated financial statements		Separate financial statements	
		31 December 2018 Baht	31 December 2017 Baht	31 December 2018 Baht	31 December 2017 Baht
Liabilities and equity (Cont'd)					
Equity					
Share Capital	18				
Authorised share capital					
280,000,000 ordinary shares					
at par value of Baht 0.5 each					
(2017 : 1,000,000 ordinary shares					
paid-up of Baht 100 each)		140,000,000	100,000,000	140,000,000	100,000,000
Issued and paid-up					
200,000,000 ordinary shares					
paid-up of Baht 0.5 each					
(2017 : 1,000,000 ordinary shares					
paid-up of Baht 100 each)		100,000,000	100,000,000	100,000,000	100,000,000
Retained earnings					
Appropriated - Legal reserve	19	5,085,302	1,128,546	5,085,302	1,128,546
Unappropriate		44,311,681	29,984,974	40,477,581	29,296,023
Other components of equity		8,452,827	6,370,000	6,370,000	6,370,000
Equity attributable to					
owners of the parent		157,849,810	137,483,520	151,932,883	136,794,569
Non-controlling interests		3,751,829	4,027,348	-	-
Total equity		161,601,639	141,510,868	151,932,883	136,794,569
Total liabilities and equity		1,149,757,145	729,127,054	1,184,721,918	735,321,508

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

Statement of Financial Position (Cont'd)

As at 31 December 2018

	Notes	Consolidated financial statements		Separate financial statements	
		2018 Baht	2017 Baht	2018 Baht	2017 Baht
Revenues from construction contracts		1,387,084,241	1,019,287,945	1,387,084,241	1,019,559,896
Cost of construction contracts		(1,241,093,993)	(917,540,918)	(1,256,461,359)	(923,892,414)
Gross profit		145,990,248	101,747,027	130,622,882	95,667,482
Other income	20	2,788,963	2,690,489	5,428,656	5,102,911
Administrative expenses		(66,100,711)	(58,539,718)	(60,660,370)	(54,643,205)
Finance cost		(12,895,133)	(16,648,407)	(12,870,651)	(16,639,071)
Profit before income tax		69,783,367	29,249,391	62,520,517	29,488,117
Income tax	22	(14,095,795)	(6,080,145)	(12,685,402)	(5,961,867)
Profit for the year		55,687,572	23,169,246	49,835,115	23,526,250
Other comprehensive income:					
Item that will not be reclassified to profit or loss					
Remeasurements of employee benefit obligations (net of tax)	17	169,278	(129,866)	169,278	(129,866)
Total comprehensive income for the year		55,856,850	23,039,380	50,004,393	23,396,384
Profit attributable to:					
Owners of the parent		52,980,264	22,913,555	49,835,115	23,526,250
Non-controlling interests		2,707,308	255,691	-	-
		55,687,572	23,169,246	49,835,115	23,526,250
Total comprehensive income attributable to:					
Owners of the parent		53,149,542	22,783,689	50,004,393	23,396,384
Non-controlling interests		2,707,308	255,691	-	-
		55,856,850	23,039,380	50,004,393	23,396,384
Earnings per share					
Basic earnings per share (Baht)	23	0.26	0.19	0.25	0.20

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

Statement of Change in Equity

For the year end 31 December 2018

		Consolidated financial statements									
		Attributable to owners of the parent					Other components of equity				
		Retained earnings					Change in parent's ownership interest in subsidiary				
Notes	Issued and paid-up share capital	Appropriated		Unappropriated		Share-based payment	Total other components of equity	Total owners of the parent		Non-controlling interests	Total equity
		Baht	Legal reserve	Baht	Baht			Baht	Baht		
	Opening balance at 1 January 2017										
18	Proceeds from share issued	58,500,000	-	29,316,816	-	6,370,000	6,370,000	94,186,816	3,771,657	97,958,473	
19	Legal reserve	41,500,000	-	-	-	-	-	41,500,000	-	41,500,000	
24	Dividend	-	1,128,546	(1,128,546)	-	-	-	-	-	(20,986,985)	
	Total comprehensive income for the year	-	-	22,783,689	-	-	-	22,783,689	255,691	23,039,380	
	Closing balance as at 31 December 2017	100,000,000	1,128,546	29,984,974	-	6,370,000	6,370,000	137,483,520	4,027,348	141,510,868	
	Opening balance at 1 January 2018										
11	Additional investment in subsidiary	100,000,000	1,128,546	29,984,974	-	6,370,000	6,370,000	137,483,520	4,027,348	141,510,868	
19	Legal reserve	-	-	-	-	-	-	-	-	-	
24	Dividend	-	3,956,756	(3,956,756)	-	-	-	-	-	(34,866,079)	
	Total comprehensive income for the year	-	-	(34,866,079)	-	-	-	(34,866,079)	-	(34,866,079)	
	Closing balance as at 31 December 2018	100,000,000	5,085,302	44,311,681	2,082,827	6,370,000	8,452,827	157,849,810	3,751,829	161,601,639	

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

Statement of Change in Equity

For the year end 31 December 2018

	Separate financial statements									
	Issued and paid-up share capital		Retained earnings		Other components of equity				Total equity	
			Appropriated-Legal reserve	Unappropriated	Share-based payment	Change in parent's ownership interest in subsidiary	Total other components of equity			
Notes	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht
Opening balance at 1 January 2017		58,500,000	-	28,015,170		6,370,000	-	6,370,000		92,885,170
Proceeds from share issued	18	41,500,000	-	-		-	-	-		41,500,000
Legal reserve	19	-	1,128,546	(1,128,546)		-	-	-		-
Dividend	24	-	-	(20,986,985)		-	-	-		(20,986,985)
Total comprehensive income for the year		-	-	23,396,384		-	-	-		23,396,384
Closing balance as at 31 December 2017		100,000,000	1,128,546	29,296,023		6,370,000	-	6,370,000		136,794,569
Opening balance at 1 January 2018		100,000,000	1,128,546	29,296,023		6,370,000	-	6,370,000		136,794,569
Proceeds from share issued	18	-	-	-		-	-	-		-
Legal reserve	19	-	3,956,756	(3,956,756)		-	-	-		-
Dividend	24	-	-	(34,866,079)		-	-	-		(34,866,079)
Total comprehensive income for the year		-	-	50,004,393		-	-	-		50,004,393
Closing balance as at 31 December 2018		100,000,000	5,085,302	40,477,581		6,370,000	-	6,370,000		151,932,883

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

Statement of Cash Flows

For the year end 31 December 2018

	Notes	Consolidated financial statements		Separate financial statements	
		2018 Baht	2017 Baht	2018 Baht	2017 Baht
Cash flows from investing activities					
Proceeds from short-term loans to related parties	25	-	-	-	3,000,000
Payment on short-term loans to related parties	25	-	-	(13,000,000)	(3,000,000)
Acquisition of property, plant and equipment		(69,539,437)	(22,519,851)	(51,735,317)	(21,148,961)
Acquisition of intangible assets		(3,806,865)	(6,723,635)	(3,806,865)	(6,682,135)
Proceeds from disposal of property, plant and equipment		133,696	1,296,689	2,267,349	1,296,689
Cash paid from additional investment in subsidiary	11	-	-	(900,000)	-
Interest income received		54,554	-	318,206	120,444
Net cash used in investing activities		(73,158,052)	(27,946,797)	(66,856,627)	(26,413,963)
Cash flows from financing activities:					
Finance lease principal payments	15	(1,665,382)	(1,081,367)	(1,506,490)	(962,528)
Proceeds from borrowings from related parties		-	113,000,000	-	113,000,000
Payment on borrowings from related parties		-	(192,500,000)	-	(192,500,000)
Proceeds from short-term borrowings from banks	15	59,179,723	-	59,179,723	-
Payments on long-term borrowings from banks	15	(38,640,000)	(38,640,000)	(38,640,000)	(38,640,000)
Payments for dividend	24	(34,866,079)	(20,986,985)	(34,866,079)	(20,986,985)
Cash paid from additional investment in subsidiary	11	(900,000)	-	-	-
Proceeds from issue of ordinary shares	18	-	41,500,000	-	41,500,000
Net cash used in financing activities		(16,891,738)	(98,708,352)	(15,832,846)	(98,589,513)
Net increase (decrease) in cash and cash equivalents					
		(56,760,338)	84,502,449	(56,027,979)	83,930,703
Cash and cash equivalents at the beginning of the year		91,978,902	7,476,453	90,814,169	6,883,466
Cash and cash equivalents at the end of the year	7	35,218,564	91,978,902	34,786,190	90,814,169
Non-cash transactions					
Purchase of property, plant and equipment for which no cash has been paid		5,156,405	3,970,760	5,156,405	3,171,331
Purchase of property, plant and equipment under leases contracts		3,529,384	-	3,529,384	-
Disposals of equipment for which no cash has been received		-	121,495	-	2,121,495

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

Notes to the Consolidated and Separate Financial Statements

For the year end 31 December 2018

1 General information

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

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

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

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

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

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

These Group consolidated and company financial statements were authorized for issue by the Board of Directors on 26 February 2019.

2 Accounting policies

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

2.1 Basis of preparation

The consolidated and separate financial statements have been prepared in accordance with Thai generally accepted accounting principles under the accounting Accounting Act B.E. 2543, being those Thai financial reporting standards issued under the accounting Accounting Profession Act B.E.2547, and the financial reporting requirements of the Securities and Exchange Commission under the Securities and Exchange Act.

The consolidated and separate financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with Thai generally accepted accounting principles requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

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

Notes to the Consolidated and Separate Financial Statements

For the year end 31 December 2018

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Notes to the Consolidated and Separate Financial Statements

For the year end 31 December 2018

2 Accounting policies (Cont'd)

2.2 Revised financial reporting standards and related interpretations

2.2.1 Revised accounting standards are effective for annual periods beginning on or after 1 January 2018 which are relevant to the Group are as follows:

TAS 7 (revised 2017)	Statement of cash Flows
TAS 12 (revised 2017)	Income taxes

TAS 7 (revised 2017), the amendments require additional disclosure of changes in liabilities arising from financing activities. This includes changes arising from cash and non-cash.

TAS 12 (revised 2017), the amendments clarify the accounting for deferred tax where an asset is measured at fair value and that fair value is below the asset's tax base. Specifically, the amendments confirm that:

- A temporary difference exists whenever the carrying amount of an asset is less than its tax base at the end of the reporting period.
- An entity can assume that it will recover an amount higher than the carrying amount of an asset to estimate its future taxable profit.
- Where the tax law restricts the source of taxable profits against which particular types of deferred tax assets can be recovered, the recoverability of the deferred tax assets can only be assessed in combination with other deferred tax assets of the same type.
- Tax deductions resulting from the reversal of deferred tax assets are excluded from the estimated future taxable profits.

2.2.2 New financial reporting standards and related interpretation, which relevant to the Group and will become effective for annual periods beginning on or after 1 January 2019, which are relevant to the Group are as follows:

TFRS15	Revenue from contracts with customers
TFRIC 22	Foreign Currency Transactions and Advance Consideration

TFRS 15 provide the requirements for the recognition of revenue. This standard will supersede the following standards:

TAS 11 (revised 2017)	Construction contracts
TAS 18 (revised 2017)	Revenue

The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer - so the notion of control replaces the existing notion of risks and rewards.

Entities will apply this standard retrospectively with the cumulative effect recognised as an adjustment to the opening balance of retained earnings of the annual reporting period that includes the date of initial application with additional disclosures.

TFRIC 22 interpretation provides guidance for determining the exchange rate to be used on the initial recognition of a related asset, expense or income where an entity pays or receives an advance consideration in a foreign currency. The interpretation requires an entity to use the exchange rate at the date on which an entity recognises the non-monetary assets, such as prepayments and advances, or non-monetary liability, such as deferred income arising from the advance consideration. If there are multiple advance payments or receipts of payments, the exchange rate is to be used on the date when each non-monetary asset or liability is recognised.

The Group has not early adopted this standard. The Group's management is currently assessing the impact of initial adoption of this standard.

Notes to the Consolidated and Separate Financial Statements

For the year end 31 December 2018

2 Accounting policies (Cont'd)

2.2 Revised financial reporting standards and related interpretations (Cont'd)

2.2.3 The Group of financial instruments reporting standards which are effective for annual periods beginning on or after 1 January 2020, which are relevant to the Group, consist of the following standards.

TAS 32	Financial instruments: Presentation
TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments

The above new financial reporting standards will supersede the following standard which are relevant to the Group:

TAS 101	Bad and Doubtful Debts
TAS 105	Accounting for Investment in Debts and Equity securities
TAS 107	Financial Instruments: Disclosure and Presentation

The Group has not early adopted this standard.

2.3 Group accounting - investments in subsidiaries

(1) Subsidiaries

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

The Group applies the acquisition method to account for business combinations except business combination under common control. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred to the former owners of acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measured are recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in profit or loss. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in profit or loss.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Notes to the Consolidated and Separate Financial Statements

For the year end 31 December 2018

2 Accounting policies (Cont'd)

2.3 Group accounting - investments in subsidiaries (Cont'd)

(2) Transactions with non-controlling interests

The Group treats transactions with non-controlling interests as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the carrying value of acquired non-controlling interests of subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(3) Disposal of subsidiaries

When the Group ceases to have control it shall ceased to consolidate its subsidiaries. Any retained interest in the entity is re-measured to its fair value, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities.

(4) Separate financial statement

In the separate financial statements, investments in subsidiaries, associates and joint ventures are accounted for at cost less impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment.

2.4 Foreign currency translation

a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Thai Baht, which is the Company's functional and the Group's presentation currency.

b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss.

When a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. Conversely, when a gain or loss on a non-monetary item is recognised in profit and loss, any exchange component of that gain or loss is recognised in profit and loss.

2.5 Cash and cash equivalents

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

2.6 Trade accounts receivable

Trade accounts receivable are carried at the original invoice amount and subsequently measured at the remaining amount less any allowance for doubtful receivables based on a review of all outstanding amounts at the year-end. The amount of the allowance is the difference between the carrying amount of

Notes to the Consolidated and Separate Financial Statements

For the year end 31 December 2018

2 Accounting policies (Cont'd)

2.7 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined by the first-in, first-out method. The cost of purchase comprises both the purchase price and costs directly attributable to the acquisition of the inventory, such as import duties and transportation charges, less all attributable discounts, allowances or rebates. The cost of finished goods and work in progress comprises design costs, raw materials, direct labour, other direct costs and related production overheads based on normal operating capacity. It excludes borrowing costs. Net realisable value is the estimate of the selling price in the ordinary course of business, less applicable variable selling expenses. Allowance is made, where necessary, for obsolete, slow-moving and defective inventories.

2.8 Construction contracts

A construction contract is a contract specifically negotiated for the construction of an asset or a combination of assets that are closely interrelated or interdependent in terms of their design, technology and functions or their ultimate purpose or use.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred where it is probable those costs will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

When the outcome of a construction contract can be estimated reliably and it is probable that the contract will be profitable, contract revenue is recognised over the period of the contract. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Costs incurred in the year in connection with future activity on a contract are excluded from contract costs in determining the stage of completion. They are presented as inventories, prepayments or other assets, depending on their nature.

The Group presents as an asset the gross amount due from customers for contract work for all contracts in progress and for which costs incurred plus recognised profits (less recognised losses) exceed progress billings. Progress billings not yet paid by customers and retention are included within 'Unbilled receivables' and 'Retention receivables' respectively. The Group presents as a liability the gross amount due to customers for contract work for all contracts in progress for which progress billings exceed costs incurred plus recognised profits (less recognised losses) are included within 'Construction income received in advance'.

2.9 Property, plant and equipment

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

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

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

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

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

The asset's carrying amount is written-down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 2.11).

Gains or losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'Other income' or 'Administrative expenses' in profit or loss.

Notes to the Consolidated and Separate Financial Statements

For the year end 31 December 2018

2 Accounting policies (Cont'd)

2.10 Intangible assets

Computer software

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Amortisation is allocated the cost of computer software over their estimated useful lives of 10 years.

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

2.11 Impairment of assets

Assets that have an indefinite useful life, for example goodwill, are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the assets exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows. Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2.12 Leases

Leases - where the Group is the lessee

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

Leases of property, plant or equipment where the lessee has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased property and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the liabilities balance outstanding. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to profit or loss over the lease period so as to achieve a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant or equipment acquired under finance leases is depreciated over the shorter period of the useful life of the asset and the lease term.

Leases - where the Group is the lessor

Assets leased out under operating leases are included in property, plant and equipment in the statement of financial position. They are depreciated over their expected useful lives on a basis consistent with other similar property, plant and equipment owned by the Group. Rental income (net of any incentives given to lessees) is recognised on a straight-line basis over the lease term.

Notes to the Consolidated and Separate Financial Statements

For the year end 31 December 2018

2 Accounting policies (Cont'd)

2.15 Employee benefit obligations

Retirement benefits

A defined benefit plan is a retirement plan that is not a defined contribution plan. Typically defined benefit plans define an amount of retirement benefit that an employee will receive on retirement, usually depends on one or more factors such as age, years of service and compensation.

The liability recognised in the statement of financial position in respect of defined benefit retirement plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows market yield of government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related retirement liability.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise. They are included in retained earnings in the statements of changes in equity.

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

2.16 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2.17 Share capital

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

2.18 Share-based payment

The Group recognise the goods or service received or acquired in a share-based payment transaction when it obtains the goods or as the services are received. The Group recognise a corresponding increase in equity if the goods or services were received in an equity-settled share-based payment transaction or a liability if the goods or services were acquired in a cash-settled share-based payment transaction.

When the goods or services received or acquired in a share-based payment transaction do not qualify for recognition as assets, they shall be recognised as expense.

If the identifiable consideration received by the Group appears to be less than the fair value of the equity instruments granted or liability incurred, typically this situation indicates that other consideration such as unidentifiable goods or services have been received by the Group. The Group shall measure the unidentifiable goods or services received as the difference between the fair value of the share-based payment and the fair value of any identifiable goods or services received. The Group shall measure the unidentifiable goods or service received at the grant date.

Notes to the Consolidated and Separate Financial Statements

For the year end 31 December 2018

2 Accounting policies (Cont'd)

2.15 Employee benefit obligations

Retirement benefits

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Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

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Notes to the Consolidated and Separate Financial Statements

For the year end 31 December 2018

2 Accounting policies (Cont'd)

2.19 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and service in the ordinary course of the Group's activities. Revenue is shown net of value-added tax, returns, rebates and discounts, and after eliminating sales within the Group for the consolidated financial statements. Revenue from sales of goods is recognised when significant risks and rewards of ownership of the goods are transferred to the buyer. Revenue from rendering services is based on the stage of completion determined by reference to services performed to date as a percentage of total services to be performed. (See accounting policy in Note 2.8 construction contracts).

Revenues from construction services recognised based on a percentage of completion basis. The percentage of completion is measure based on comparison of actual construction costs incurred up to the end of the period and total anticipated construction costs to be incurred to completion.

Rental income is recognised using straight-line method over the rental period.

Interest income is recognised using the effective interest method.

2.20 Dividend distribution

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

2.21 Segment reporting

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

3 Financial risk management

3.1 Financial risk factors

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

3.1.1 Interest rate risk

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

3.1.2 Credit risk

The Group are exposed to credit risk primarily with respect to construction contract debtors. The Group has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history. Since majority of construction services are made to good financial position customers, the Group do no anticipate material losses from its debt collection. The maximum exposure to credit risk is limited to carrying amount of receivables, other receivables and loans as presented in the statement of financial position.

Notes to the Consolidated and Separate Financial Statements

For the year end 31 December 2018

3 Financial risk management (Cont'd)

3.1 Financial risk factors (Cont'd)

3.1.3 Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities, and the ability to close out market positions. Due to the dynamic nature of the underlying business, the Group treasury aims at maintaining flexibility in funding by keeping committed credit lines available.

3.2 Fair value estimation

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

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

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

4 Critical accounting estimates and judgements

4.1 Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting result of accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below.

(a) Revenue recognition

The Group uses the percentage-of-completion method in accounting for its fixed-price contracts to deliver design services. The percentage of completion is measure based on comparison of actual construction costs incurred up to the end of the period and total anticipated construction costs to be incurred to completion. The percentage of completion method requires the Group to estimate total anticipated construction costs to be incurred to completion. Where the estimated percentage of completion increase by 1%, the amount of revenue recognised in the year would be increased by Baht 34.25 million.

In addition, the Group has to estimate revenue and future operating performance, especially for construction in order to assess the ability of profitability. When it is probable that total contract costs will exceed total contract revenue, the Group has to recognise the expected loss as an expense immediately.

5 Capital risk management

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

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

Notes to the Consolidated and Separate Financial Statements

For the year end 31 December 2018

6 Segment information

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

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

Geographic information

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

Major customers

The Group has 2 customers in EPC services and SMP services which each generated revenues more than 10% of total revenues in the consolidated financial statements for the period ended 31 December 2018, totalling Baht 1,167.40 million (2017: 3 customers, totalling Baht 863.17 million).

7 Cash and cash equivalents

	Consolidated financial statements		Separate financial statements	
	2018 Baht	2017 Baht	2018 Baht	2017 Baht
Cash on hand	252,917	410,621	190,163	234,139
Cash at bank - Current accounts	34,868,098	91,317,931	34,500,092	90,330,988
- Savings accounts	96,511	249,321	94,897	248,013
- Short-term fixed accounts	1,038	1,029	1,038	1,029
Total	<u>35,218,564</u>	<u>91,978,902</u>	<u>34,786,190</u>	<u>90,814,169</u>
Restricted bank deposits (Note 26)	20,789,750	-	20,789,750	-

8 Trade and other receivables

	Consolidated financial statements		Separate financial statements	
	2018 Baht	2017 Baht	2018 Baht	2017 Baht
Trade receivables-third parties	124,207,049	148,887,828	124,207,049	148,843,464
<u>Less</u> Allowance for impairment of trade receivables	<u>(201,588)</u>	<u>(201,588)</u>	<u>(201,588)</u>	<u>(201,588)</u>
Trade receivables - net	124,005,461	148,686,240	124,005,461	148,641,876
Receivables from related parties (Note 25)	54,671,574	24,414	61,597,542	2,618,870
Prepaid expenses	28,265,220	15,798,999	27,799,930	14,846,893
Advance payments to subcontractors	1,459,024	1,155,851	1,347,744	1,200,215
Advance payments to subcontractors - related parties (Note 25)	-	-	30,301,570	5,285,630
Trade and other receivables - net	<u>208,401,279</u>	<u>165,665,504</u>	<u>245,052,247</u>	<u>172,593,484</u>

Notes to the Consolidated and Separate Financial Statements

For the year end 31 December 2018

8 Trade and other receivables (Cont'd)

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

	Consolidated financial statements		Separate financial statements	
	2018 Baht	2017 Baht	2018 Baht	2017 Baht
- Not due yet	106,113,397	148,141,560	106,113,397	148,097,195
- Up to 3 months	17,892,064	-	17,892,064	-
- 3 - 6 months	-	544,680	-	544,681
- 6 - 12 months	-	-	-	-
- Over 12 months	201,588	201,588	201,588	201,588
Total	124,207,049	148,887,828	124,207,049	148,843,464
<u>Less</u> Allowance for impairment of trade receivables	(201,588)	(201,588)	(201,588)	(201,588)
Trade accounts receivable - net	124,005,461	148,686,240	124,005,461	148,641,876

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

	Consolidated financial statements		Separate financial statements	
	2018 Baht	2017 Baht	2018 Baht	2017 Baht
- Not due yet	54,625,739	24,414	55,439,547	478,870
- Up to 3 months	45,835	-	1,988,730	-
- 3 - 6 months	-	-	2,627,529	2,140,000
- 6 - 12 months	-	-	1,541,736	-
- Over 12 months	-	-	-	-
Total	54,671,574	24,414	61,597,542	2,618,870
<u>Less</u> Allowance for impairment of trade receivables	-	-	-	-
Trade accounts receivable - net	54,671,574	24,414	61,597,542	2,618,870

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

9 Assets and liabilities of construction contracts

9.1 Unbilled receivables

	Consolidated financial statements		Separate financial statements	
	2018 Baht	2017 Baht	2018 Baht	2017 Baht
Project value as per contracts	3,419,467,092	966,087,933	3,419,467,092	966,087,933
Accumulated amount recognised as revenue on percentage of completion basis	1,582,599,373	641,011,859	1,582,599,373	641,011,859
<u>Less</u> Value of total billed	(1,308,880,930)	(552,164,589)	(1,308,880,930)	(552,164,589)
Unbilled receivables	273,718,443	88,847,270	273,718,443	88,847,270
Retention receivables	37,250,508	5,493,711	37,250,508	5,493,711

Notes to the Consolidated and Separate Financial Statements

For the year end 31 December 2018

9 Assets and liabilities of construction contracts (Cont'd)

9.2 Advance received and construction income received in advance

	Consolidated financial statements		Separate financial statements	
	2018 Baht	2017 Baht	2018 Baht	2017 Baht
Project value as per contracts	1,795,930,086	1,208,122,450	1,795,930,086	1,208,122,450
Value of total billed	1,269,380,705	898,225,183	1,269,380,705	898,225,183
<u>Less</u> Accumulated amount recognised as revenue on percentage of completion basis	(1,160,455,892)	(771,902,350)	(1,160,455,892)	(771,902,350)
Construction income received in advance	108,924,813	126,322,833	108,924,813	126,322,833
Advance received from construction contracts	313,509,680	37,489,656	313,509,680	37,489,656
Total	422,434,493	163,812,489	422,434,493	163,812,489

10 Inventories

	Consolidated financial statements		Separate financial statements	
	2018 Baht	2017 Baht	2018 Baht	2017 Baht
Raw materials	62,337,899	2,517,008	62,337,899	2,517,008
Goods in transit	73,578,697	-	73,578,697	-
<u>Less</u> Allowance for net realisable value of inventories	-	-	-	-
Inventories - net	135,916,596	2,517,008	135,916,596	2,517,008

11 Investments in subsidiaries

11.1 Subsidiaries

The group comprises of a subsidiary listed below as at 31 December 2018. All subsidiaries are included in the consolidation and have share capital consisting solely of ordinary shares that are held directly by the Group. The proportion of ownership interests held equals the voting rights held by the Group.

Name	Country of incorporation and place of business	Nature of business	Proportion of ordinary shares held by the group		Proportion of ordinary shares held by non- controlling interests		Separate Financial Statements Cost method, net	
			(%)		(%)		(Baht)	
			2018	2017	2018	2017	2018	2017
JKEC Co., Ltd. (JKEC)	Thailand	Construction contractor	73.17	51.22	26.83	48.78	3,000,000	2,100,000

Additional of investment in JKEC

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

Notes to the Consolidated and Separate Financial Statements

For the year end 31 December 2018

	Land Baht	Building and building improvements Baht	Assets for construction project Baht	Machinery, tools and equipment Baht	Furniture and fixtures Baht	Office equipment Baht	Motor vehicles Baht	Motor construction projects Baht	Asset under installation Baht	Total Baht
At 1 January 2017										
Cost	183,800,000	73,615,549	-	65,387,289	946,680	3,416,431	6,243,661	3,340,075	-	336,749,685
Less Accumulated depreciation	-	(1,191,536)	-	(14,005,580)	(216,191)	(1,279,806)	(3,177,500)	(157,831)	-	(20,028,444)
Net book amount	183,800,000	72,424,013	-	51,381,709	730,489	2,136,625	3,066,161	3,182,244	-	316,721,241
For the year ended 31 December 2017										
Opening net book amount	183,800,000	72,424,013	-	51,381,709	730,489	2,136,625	3,066,161	3,182,244	-	316,721,241
Additions	-	152,500	-	12,889,795	296,771	514,249	1,638,000	2,450,000	2,448,559	20,389,874
Transfer - net	-	-	-	2,486,607	178,960	(217,008)	-	-	(2,448,559)	-
Disposals and written offs - net	-	-	-	(1,029,184)	-	(14,678)	-	-	-	(1,043,862)
Depreciation charge	-	(3,682,460)	-	(14,266,351)	(239,206)	(865,218)	(1,403,711)	(822,096)	-	(21,279,042)
Closing net book amount	183,800,000	68,894,053	-	51,462,576	967,014	1,553,970	3,300,450	4,810,148	-	314,788,211
At 31 December 2017										
Cost	183,800,000	73,768,049	-	79,174,254	1,518,412	3,568,984	7,881,661	5,790,075	-	355,501,435
Less Accumulated depreciation	-	(4,873,996)	-	(27,711,678)	(551,398)	(2,015,014)	(4,581,211)	(979,927)	-	(40,713,224)
Net book amount	183,800,000	68,894,053	-	51,462,576	967,014	1,553,970	3,300,450	4,810,148	-	314,788,211
For the year ended 31 December 2018										
Opening net book amount	183,800,000	68,894,053	-	51,462,576	967,014	1,553,970	3,300,450	4,810,148	-	314,788,211
Additions	-	340,537	3,031,030	38,737,409	218,301	1,607,935	2,558,346	9,032,559	17,216,009	72,742,126
Transfer - net	-	7,513,869	-	5,292,184	-	1,838,059	-	-	(14,644,112)	-
Disposals and written offs - net	-	-	-	(261,343)	-	(4,444)	-	-	-	(265,787)
Depreciation charge	-	(3,766,873)	(505,172)	(20,225,425)	(326,000)	(988,848)	(1,831,246)	(2,485,353)	-	(30,128,917)
Closing net book amount	183,800,000	72,981,586	2,525,858	75,005,401	859,315	4,006,672	4,027,550	11,357,354	2,571,897	357,135,633
At 31 December 2018										
Cost	183,800,000	81,622,455	3,031,030	122,299,486	1,736,713	6,990,270	10,440,007	14,822,634	2,571,897	427,314,492
Less Accumulated depreciation	-	(8,640,869)	(505,172)	(47,294,085)	(877,398)	(2,983,598)	(6,412,457)	(3,465,280)	-	(70,178,859)
Net book amount	183,800,000	72,981,586	2,525,858	75,005,401	859,315	4,006,672	4,027,550	11,357,354	2,571,897	357,135,633

Notes to the Consolidated and Separate Financial Statements

For the year end 31 December 2018

12 Property, plant and equipment (Cont'd)

	Separate financial statements										Total Baht	
	Land Baht	Building and building improvements Baht	Machinery, tools and equipment Baht	Furniture and fixtures Baht	Office equipment Baht	Motor vehicles Baht	Vehicles for construction projects Baht	Asset under installation Baht				
At 1 January 2017												
Cost	183,800,000	73,615,549	65,744,156	946,680	3,079,818	6,243,661	2,440,075	-	-	335,869,939		
Less: Accumulated depreciation	-	(1,191,536)	(13,978,674)	(216,191)	(1,201,330)	(3,177,500)	(157,338)	-	-	(19,922,569)		
Net book amount	183,800,000	72,424,013	51,765,482	730,489	1,878,488	3,066,161	2,282,737	-	-	315,947,370		
For the year ended 31 December 2017												
Opening net book amount	183,800,000	72,424,013	51,765,482	730,489	1,878,488	3,066,161	2,282,737	-	-	315,947,370		
Additions	-	152,500	14,133,445	296,771	514,249	679,000	-	2,448,559	-	18,224,524		
Transfer - net	-	-	2,486,607	178,960	(217,008)	-	-	(2,448,559)	-	-		
Disposals and written offs - net	-	-	(1,958,404)	-	(10,093)	-	-	-	-	(1,968,497)		
Depreciation charge	-	(3,682,460)	(14,364,017)	(239,206)	(770,095)	(1,321,211)	(488,014)	-	-	(20,865,003)		
Closing net book amount	183,800,000	68,894,053	52,063,113	967,014	1,395,541	2,423,950	1,794,723	-	-	311,338,394		
At 31 December 2017												
Cost	183,800,000	73,768,049	79,847,866	1,518,412	3,240,390	6,922,661	2,440,075	-	-	351,537,453		
Less: Accumulated depreciation	-	(4,873,996)	(27,784,753)	(651,398)	(1,844,849)	(4,498,711)	(645,352)	-	-	(40,199,059)		
Net book amount	183,800,000	68,894,053	52,063,113	967,014	1,395,541	2,423,950	1,794,723	-	-	311,338,394		
For the year ended 31 December 2018												
Opening net book amount	183,800,000	68,894,053	52,063,113	967,014	1,395,541	2,423,950	1,794,723	-	-	311,338,394		
Additions	-	451,273	35,307,429	218,301	1,410,082	2,568,346	487,689	17,354,866	-	57,788,006		
Transfer - net	-	7,513,869	5,292,184	-	1,838,059	-	-	(14,644,112)	-	-		
Disposals and written offs - net	-	-	(280,113)	-	-	-	-	-	-	(280,113)		
Depreciation charge	-	(3,767,122)	(19,907,627)	(326,000)	(860,829)	(1,639,446)	(501,375)	-	-	(27,002,399)		
Closing net book amount	183,800,000	73,092,073	72,474,986	859,315	3,782,863	3,342,850	1,781,047	2,710,754	-	341,843,888		
At 31 December 2018												
Cost	183,800,000	81,733,191	119,555,564	1,736,713	6,488,541	9,481,007	2,927,774	2,710,754	-	408,433,544		
Less: Accumulated depreciation	-	(8,641,118)	(47,080,578)	(877,398)	(2,705,678)	(6,138,157)	(1,146,727)	-	-	(66,589,656)		
Net book amount	183,800,000	73,092,073	72,474,986	859,315	3,782,863	3,342,850	1,781,047	2,710,754	-	341,843,888		

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For the year end 31 December 2018

12 Property, plant and equipment (Cont'd)

Net book value of land and buildings of Baht 256.73 million (2017: Baht 252.55 million) have been pledged for long-term borrowings from bank (Note 15).

Additions include Baht 3.86 million (2017: Baht 1.64 million) assets leased under finance leases where the Group is lessee.

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

	Consolidated financial statements		Separate financial statements	
	2018 Baht	2017 Baht	2018 Baht	2017 Baht
At 31 December				
Cost	11,361,346	7,503,000	10,402,346	6,544,000
<u>Less</u> Accumulated depreciation	(6,312,086)	(4,481,064)	(6,037,786)	(4,398,564)
Net book amount	<u>5,049,260</u>	<u>3,021,936</u>	<u>4,364,560</u>	<u>2,145,436</u>

13 Intangible assets

	Concolidated financial statements		
	Software Baht	Software under installation Baht	Total Baht
At 1 January 2018			
Cost	6,458,194	3,642,657	10,100,851
<u>Less</u> Accumulated amortisation	(975,611)	-	(975,611)
Net book amount	<u>5,482,583</u>	<u>3,642,657</u>	<u>9,125,240</u>
For the year ended 31 December 2018			
Opening net book amount	5,482,583	3,642,657	9,125,240
Additions	1,342,060	2,464,805	3,806,865
Transfer - net	5,724,657	(5,724,657)	-
Amortisation charge	(1,285,099)	-	(1,285,099)
Closing net book amount	<u>11,264,201</u>	<u>382,805</u>	<u>11,647,006</u>
At 31 December			
Cost	13,524,911	382,805	13,907,716
<u>Less</u> Accumulated amortisation	(2,260,710)	-	(2,260,710)
Net book amount	<u>11,264,201</u>	<u>382,805</u>	<u>11,647,006</u>
At 1 January 2018			
Cost	6,386,794	3,642,657	10,029,451
<u>Less</u> Accumulated amortisation	(967,967)	-	(967,967)
Net book amount	<u>5,418,827</u>	<u>3,642,657</u>	<u>9,061,484</u>
For the year ended 31 December 2018			
Opening net book amount	5,418,827	3,642,657	9,061,484
Additions	1,342,060	2,464,805	3,806,865
Transfer - net	5,724,657	(5,724,657)	-
Amortisation charge	(1,277,960)	-	(1,277,960)
Closing net book amount	<u>11,207,584</u>	<u>382,805</u>	<u>11,590,389</u>
At 31 December 2018			
Cost	13,453,511	382,805	13,836,316
<u>Less</u> Accumulated amortisation	(2,245,927)	-	(2,245,927)
Net book amount	<u>11,207,584</u>	<u>382,805</u>	<u>11,590,389</u>

Notes to the Consolidated and Separate Financial Statements

For the year end 31 December 2018

14 Deferred tax assets

The analysis of deferred tax assets is as follows:

	Consolidated financial statements		Separate financial statements	
	2018 Baht	2017 Baht	2018 Baht	2017 Baht
Deferred tax assets to be recovered within 12 months	467,075	161,654	464,735	161,126
Deferred tax assets to be recovered after more than 12 months	200,727	260,098	139,344	250,415
	<u>667,802</u>	<u>421,752</u>	<u>604,079</u>	<u>411,541</u>

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

	Consolidated financial statements		Separate financial statements	
	2018 Baht	2017 Baht	2018 Baht	2017 Baht
Opening net book value	421,752	204,591	411,541	204,591
Charged to profit or loss (Note 22)	288,370	184,695	234,858	174,484
Charged (credited) to other comprehensive income (Note 22)	(42,320)	32,466	(42,320)	32,466
Closing net book value	<u>667,802</u>	<u>421,752</u>	<u>604,079</u>	<u>411,541</u>

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

	Consolidated financial statements			
	2017 Baht	Charged (credited) to profit or loss Baht	Charged (credited) to other comprehensive income Baht	2018 Baht
Allowances for doubtful accounts	40,318	-	-	40,318
Employee benefits obligations	358,804	296,726	(42,320)	613,210
Assets under finance lease	22,630	(8,356)	-	14,274
	<u>421,752</u>	<u>288,370</u>	<u>(42,320)</u>	<u>667,802</u>
	Separate financial statements			
	2017 Baht	Charged (credited) to profit or loss Baht	Charged (credited) to other comprehensive income Baht	2018 Baht
Allowances for doubtful accounts	40,318	-	-	40,318
Employee benefits obligations	349,121	244,437	(42,320)	551,238
Assets under finance lease	22,102	(9,579)	-	12,523
	<u>411,541</u>	<u>234,858</u>	<u>(42,320)</u>	<u>604,079</u>

As at 31 December 2018, the Group has temporary difference relating to undistributed earnings from investments in subsidiary amount of Baht 7.24 million for which deferred tax liabilities have not been recognised.

Notes to the Consolidated and Separate Financial Statements

For the year end 31 December 2018

15 Borrowings

	Consolidated financial statements		Separate financial statements	
	2018 Baht	2017 Baht	2018 Baht	2017 Baht
Current				
Short-term borrowings from banks :				
- Factoring loan	13,179,723	-	13,179,723	-
- Promissory note	46,000,000	-	46,000,000	-
Short-term borrowings from banks	59,179,723	-	59,179,723	-
Current portion of long-term borrowings from banks	38,640,000	38,640,000	38,640,000	38,640,000
Current portion of finance lease liabilities	1,446,742	1,229,788	1,306,878	1,095,378
Total current borrowings	99,266,465	39,869,788	99,126,601	39,735,378
Non-current				
Long-term borrowings from banks	143,700,000	182,340,000	143,700,000	182,340,000
Finance lease liabilities	2,995,331	1,271,628	2,593,983	730,417
Total non-current borrowings	146,695,331	183,611,628	146,293,983	183,070,417
Total borrowings	245,961,796	223,481,416	245,420,584	222,805,795

The interest rate exposure on the bank borrowings of the Group is as follows:

	Consolidated financial statements		Separate financial statements	
	2018 Baht	2017 Baht	2018 Baht	2017 Baht
Borrowings:				
- at fixed rates	6,400,000	7,840,000	6,400,000	7,840,000
- at floating rates	175,940,000	213,140,000	175,940,000	213,140,000
Total borrowings	182,340,000	220,980,000	182,340,000	220,980,000

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

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Long-term borrowings from banks	4.00 - 6.25%	4.00% - 6.25%	4.00 - 6.25%	4.00% - 6.25%

15.1 Long-term borrowings from banks

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

For the years ended 31 December	Consolidated financial statements		Separate financial statements	
	2018 Baht	2017 Baht	2018 Baht	2017 Baht
Beginning balance	220,980,000	259,620,000	220,980,000	259,620,000
Additions	-	-	-	-
Repayments	(38,640,000)	(38,640,000)	(38,640,000)	(38,640,000)
Ending balance	182,340,000	220,980,000	182,340,000	220,980,000

Notes to the Consolidated and Separate Financial Statements

For the year end 31 December 2018

15 Borrowings (Cont'd)

15.1 Long-term borrowings from banks (Cont'd)

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

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

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

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

	Consolidated and Separate financial statements			
	Book value		Fair value	
	2018 Baht	2017 Baht	2018 Baht	2017 Baht
Long-term borrowings from banks	182,340,000	220,980,000	181,563,071	219,828,566

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

The fair value are based on discounted cash flows using a discount rate based upon the borrowing rate of 5.53% to 6.25% per annum (2017: 5.53% to 6.25% per annum) which are within level 2 of the fair value hierarchy.

Maturity of long-term borrowings from banks is as follows:

	Consolidated financial statements		Separate financial statements	
	2018 Baht	2017 Baht	2018 Baht	2017 Baht
Within 1 year	38,640,000	38,640,000	38,640,000	38,640,000
Later than 1 years but not later than 5 years	143,700,000	182,340,000	143,700,000	182,340,000
Total long-term borrowings	182,340,000	220,980,000	182,340,000	220,980,000

Notes to the Consolidated and Separate Financial Statements

For the year end 31 December 2018

15 Borrowings (Cont'd)

15.2 Change in liabilities arising from financing activities

	Consolidated financial statements				31 December 2018 Baht
	31 December 2017 Baht	Cash flow Baht	Non-cash changes		
			Additions under finance lease Baht	Amortised deferred Interest Baht	
Short-term borrowings	-	59,179,723	-	-	59,179,723
Long-term borrowings	220,980,000	(38,640,000)	-	-	182,340,000
Finance lease liabilities	2,501,416	(1,665,382)	3,529,384	76,655	4,442,073

	Consolidated financial statements				31 December 2018 Baht
	31 December 2017 Baht	Cash flow Baht	Non-cash changes		
			Additions under finance lease Baht	Amortised deferred Interest Baht	
Short-term borrowings	-	59,179,723	-	-	59,179,723
Long-term borrowings	220,980,000	(38,640,000)	-	-	182,340,000
Finance lease liabilities	1,825,795	(1,506,490)	3,529,384	52,172	3,900,861

16 Trade and other payables

	Consolidated financial statements		Separate financial statements	
	2018 Baht	2017 Baht	2018 Baht	2017 Baht
Trade accounts payable	181,691,055	147,146,072	165,041,635	141,662,128
Trade accounts payable - related parties (Note 25)	2,569,087	1,647,741	23,924,294	18,066,615
Accrued expenses	101,491,145	22,735,668	95,940,564	20,126,753
Accrued expenses - related parties (Note 25)	431,806	-	45,901,216	4,769,365
Other payables	391,570	66,640	366,531	-
Total trade and other payables	<u>286,574,663</u>	<u>171,596,121</u>	<u>331,174,240</u>	<u>184,624,861</u>

17 Employee benefit obligations

	Consolidated financial statements		Separate financial statements	
	2018 Baht	2017 Baht	2018 Baht	2017 Baht
Retirement benefit obligations (Thailand law)				
Statement of financial position				
Employee benefit obligations	<u>3,066,053</u>	<u>1,794,021</u>	<u>2,756,194</u>	<u>1,745,606</u>
Profit or loss charge included in operating profit for:				
Employee benefit obligations	<u>1,485,036</u>	<u>659,133</u>	<u>1,223,592</u>	<u>610,718</u>
Remeasurement for:				
Employee benefit obligations	<u>169,278</u>	<u>(129,866)</u>	<u>169,278</u>	<u>(129,866)</u>

Notes to the Consolidated and Separate Financial Statements

For the year end 31 December 2018

17 Employee benefit obligations (Cont'd)

Retirement benefits

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

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

	Consolidated financial statements		Separate financial statements	
	2018 Baht	2017 Baht	2018 Baht	2017 Baht
For the year ended 31 December				
Opening balance	1,794,021	972,556	1,745,606	972,556
Current service cost	1,405,837	615,855	1,153,593	568,943
Interest cost	79,199	43,278	69,999	41,775
Remeasurement				
Loss (gain) from change in financial assumptions	(213,004)	162,332	(213,004)	162,332
Closing balance	3,066,053	1,794,021	2,756,194	1,745,606

The principal actuarial assumptions used were as follows:

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Discount rate	2.40 - 3.06%	2.19 - 3.06%	2.40%	2.19%
Salary growth rate	4.84 - 5.00%	3.20 - 5.00%	4.84%	3.20%

Sensitivity analysis for each significant assumption used is as follows:

	Consolidated financial statements					
	Impact on defined benefit obligation					
	Change in assumption		Increase in assumption		Decrease in assumption	
	2018	2017	2018	2017	2018	2017
Discount rate	0.5%	0.5%	Decrease by 2 - 6%	Decrease by 2 - 9%	Increase by 2 - 6%	Increase by 2 - 10%
Salary growth rate	0.5%	0.5%	Increase by 2 - 7%	Increase by 2 - 10%	Decrease by 2 - 6%	Decrease by 2 - 9%
	Separate financial statements					
	Impact on defined benefit obligation					
	Change in assumption		Increase in assumption		Decrease in assumption	
	2018	2017	2018	2017	2018	2017
Discount rate	0.5%	0.5%	Decrease by 2%	Decrease by 2%	Increase by 2%	Increase by 2%
Salary growth rate	0.5%	0.5%	Increase by 2%	Increase by 2%	Decrease by 2%	Decrease by 2%

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

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

The weighted average duration of the defined benefit obligation is 7 years.

Notes to the Consolidated and Separate Financial Statements

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17 Employee benefit obligations (Cont'd)

Expected maturity analysis of undiscounted retirement are as follows:

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

	Consolidated financial statements				Total Baht
	Less than a year Baht	Between 1 - 2 years Baht	Between 2 - 5 years Baht	Over 5 years Baht	
At 31 December 2017 Retirement benefits	-	563,375	2,497,411	4,822,108	7,882,894

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

	Separate financial statements				Total Baht
	Less than a year Baht	Between 1 - 2 years Baht	Between 2 - 5 years Baht	Over 5 years Baht	
At 31 December 2017 Retirement benefits	-	563,375	2,274,825	3,720,069	6,558,269

18 Share capital

	Consolidated and Separate financial statements			
	Authorised share capital		Issued and paid-up capital	
	Number of Shares	Ordinary shares Baht	Number of Shares	Ordinary shares Baht
At 1 January 2017	585,000	58,500,000	585,000	58,500,000
Issue of shares	415,000	41,500,000	415,000	41,500,000
At 31 December 2017	1,000,000	100,000,000	1,000,000	100,000,000
Change in par value of ordinary share (Change from par value of Baht 100 each to par value of Baht 0.50 each)	199,000,000	-	199,000,000	-
Number of ordinary shares and ordinary shares at par value of Baht 0.50 each	200,000,000	100,000,000	200,000,000	100,000,000
Issue of shares	80,000,000	40,000,000	-	-
At 31 December 2018	280,000,000	140,000,000	200,000,000	100,000,000

Notes to the Consolidated and Separate Financial Statements

For the year end 31 December 2018

18 Share capital (Cont'd)

The total number of authorised ordinary shares is 280,000,000 shares (2017: 1,000,000 shares) with a par value of Baht 0.50 per share (2017: Baht 100 per share). All issued shares, 200,000,000 authorised ordinary shares are fully paid (2017: 1,000,000 shares) with a par value of Baht 0.50 per share (2017: Baht 100 per share).

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

On 9 December 2017, the shareholders at the extraordinary meeting passed a resolution to approve increase the authorised share capital from 585,000 ordinary shares with a par value of Baht 100 per share to 1,000,000 ordinary shares with a par value of Baht 100 per share. On 19 December 2017, the Company received subscription of 415,000 additional shares at Baht 100 per share. The Company registered the increased share capital with the ministry of commerce on 20 December 2017.

19 Legal reserve

	Consolidated financial statements		Separate financial statements	
	2018 Baht	2017 Baht	2018 Baht	2017 Baht
At 1 January	1,128,546	-	1,128,546	-
Appropriation during the year	3,956,756	1,128,546	3,956,756	1,128,546
At 31 December	<u>5,085,302</u>	<u>1,128,546</u>	<u>5,085,302</u>	<u>1,128,546</u>

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

20 Other income

	Consolidated financial statements		Separate financial statements	
	2018 Baht	2017 Baht	2018 Baht	2017 Baht
For the year ended 31 December				
Rental income	152,438	-	1,873,168	1,079,702
Interest income	54,554	-	598,627	314,678
Others	2,581,971	2,690,489	2,956,861	3,708,531
	<u>2,788,963</u>	<u>2,690,489</u>	<u>5,428,656</u>	<u>5,102,911</u>

21 Expense by nature

	Consolidated financial statements		Separate financial statements	
	2018 Baht	2017 Baht	2018 Baht	2017 Baht
For the years ended 31 December				
Material cost	449,359,942	394,108,719	426,255,503	386,440,537
Subcontractor cost	172,492,354	153,463,026	374,143,279	218,253,885
Depreciation and amortisation (Note 12 and 13)	31,414,015	21,780,450	28,280,359	21,361,019
Employee salaries and wages	433,275,382	247,771,742	305,971,709	206,745,951
Employee benefit expense (Note 17)	1,485,036	659,133	1,223,592	610,718

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22 Income tax

	Consolidated financial statements		Separate financial statements	
	2018 Baht	2017 Baht	2018 Baht	2017 Baht
For the year ended 31 December				
Current tax	14,384,165	6,264,841	12,920,260	6,136,352
Deferred income tax expense (Note 14)	(288,370)	(184,696)	(234,858)	(174,485)
Income tax	<u>14,095,795</u>	<u>6,080,145</u>	<u>12,685,402</u>	<u>5,961,867</u>

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

	Consolidated financial statements		Separate financial statements	
	2018 Baht	2017 Baht	2018 Baht	2017 Baht
For the years ended 31 December				
Profit before income tax	69,783,367	29,249,391	62,520,518	29,488,117
Tax calculated at the tax rate of 20%	13,956,673	5,849,878	12,504,104	5,897,624
Expenses not deductible for tax purposes	182,197	53,880	161,803	53,880
Others	(43,075)	176,387	19,495	10,363
Income tax	<u>14,095,795</u>	<u>6,080,145</u>	<u>12,685,402</u>	<u>5,961,867</u>

The weighted average applicable tax rate was 20%% (2017: 20%).

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

	Consolidated financial statements					
	2018			2017		
	Before tax Baht	Tax (charge) credit Baht	After tax Baht	Before tax Baht	Tax (charge) credit Baht	After tax Baht
At 31 December						
Remeasurement for:						
Employee benefit obligations	211,598	(42,320)	169,278	(162,332)	32,466	(129,866)
Other comprehensive income	<u>211,598</u>	<u>(42,320)</u>	<u>169,278</u>	<u>(162,332)</u>	<u>32,466</u>	<u>(129,866)</u>
Deferred tax (note 14)		<u>(42,320)</u>			<u>32,466</u>	
	Separate financial statements					
	2018			2017		
	Before tax Baht	Tax (charge) credit Baht	After tax Baht	Before tax Baht	Tax (charge) credit Baht	After tax Baht
At 31 December						
Remeasurement for:						
Employee benefit obligations	211,598	(42,320)	169,278	(162,332)	32,466	(129,866)
Other comprehensive income	<u>211,598</u>	<u>(42,320)</u>	<u>169,278</u>	<u>(162,332)</u>	<u>32,466</u>	<u>(129,866)</u>
Deferred tax (note 14)		<u>(42,320)</u>			<u>32,466</u>	

Notes to the Consolidated and Separate Financial Statements

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23 Earnings per share

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

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Net profit attributable to ordinary shareholders of the parent (Baht)	52,980,264	22,913,555	49,835,115	23,526,250
Weighted average number of ordinary shares outstanding (Shares)	200,000,000	119,956,164	200,000,000	119,956,164
Basic earnings per share (Baht)	0.26	0.19	0.25	0.20

The Company changed a par value of share capital from Baht 100 per share to Baht 0.50 per share (Note 18). The Company; therefore, adjusted the weighted average number of ordinary shares for the year ended 31 December 2017 as if the event started since the prior period. The earnings per share is then adjusted accordingly.

24 Dividends per share

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

The operation for the period	Approved by	Approved date	Dividend paid (million Baht)	Dividend per share (Baht)	Payment date
2018					
1 January 2018 to 31 March 2018	The Board of director Meeting	11 May 2018	7.04	0.04	8 June 2018
2016-2017					
1 January 2016 to 31 December 2017	The Shareholders' Meeting	10 April 2018	27.83	27.83	9 May 2018
2015					
1 January 2015 to 31 March 2015	The Shareholders' Meeting	22 November 2017	6.12	21.46	18 December 2017
1 April 2015 to 31 December 2015	The Shareholders' Meeting	22 November 2017	7.37	13.52	18 December 2017
2014					
1 January 2014 to 31 December 2014	The Shareholders' Meeting	22 November 2017	7.50	26.33	18 December 2017

25 Related-party transactions

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

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

The Group is controlled by Takuni (Thailand) Co., Ltd. ("the parent") incorporated in Thailand which owns 51.30% of the Company's shares. The remaining 48.70% of the shares is widely held. The Group's ultimate parent is Takuni Group Public Company Limited ("the ultimate parent"). The Group's ultimate controlling party is Treeweeranuwat family.

Notes to the Consolidated and Separate Financial Statements

For the year end 31 December 2018

25 Related-party transactions (Cont'd)

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

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

The following transactions were significant to subsidiary and related parties:

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

	Consolidated financial statments		Separate financial statements	
	2018 Baht	2017 Baht	2018 Baht	2017 Baht
For the year ended 31 December				
Revenue from construction contracts				
The ultimate parent	5,949,809	-	5,949,809	-
Rental income				
Related parties	144,000	144,000	144,000	144,000
Subsidiary	-	-	1,412,378	853,573
	<u>144,000</u>	<u>144,000</u>	<u>1,556,378</u>	<u>997,573</u>
Interest income				
Subsidiary	-	-	544,073	314,678
Service income				
Related parties	127,766	73,853	127,766	73,853
Subsidiary	-	-	308,352	198,129
	<u>127,766</u>	<u>73,853</u>	<u>436,118</u>	<u>271,982</u>
Other income				
Related parties	-	70,000	-	70,000
Subsidiary	-	-	340,359	28,000
	<u>-</u>	<u>70,000</u>	<u>340,359</u>	<u>98,000</u>

b) Purchases of goods and services, and interest expenses

	Consolidated financial statments		Separate financial statements	
	2018 Baht	2017 Baht	2018 Baht	2017 Baht
For the years ended 31 December				
Cost of constution contracts				
Related parties	10,275,044	9,744,935	10,275,044	9,744,935
Interest expenses				
The parent	-	2,889,444	-	2,889,444
The ultimate parent	-	574,041	-	574,041
	<u>-</u>	<u>3,463,485</u>	<u>-</u>	<u>3,463,485</u>

Notes to the Consolidated and Separate Financial Statements

For the year end 31 December 2018

25 Related-party transactions (Cont'd)

The following transactions were significant to subsidiary and related parties: (Cont'd)

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

	Consolidated financial statements		Separate financial statements	
	2018 Baht	2017 Baht	2018 Baht	2017 Baht
Receivable (include in receivable from related parties)				
Related parties	69,474	24,414	69,474	24,414
The ultimate parent	54,602,100	-	54,602,100	-
Subsidiary	-	-	6,413,526	2,362,436
	54,671,574	24,414	61,085,100	2,386,850
Accrued interest income (include in receivable from related parties)				
Subsidiary	-	-	512,442	232,020
	54,671,574	24,414	61,597,542	2,618,870
Advance payments				
Subsidiary	-	-	30,301,570	5,285,630
Retention receivable				
Related parties	2,041,200	-	2,041,200	-
Trade accounts payable				
Related parties	2,569,087	1,647,741	2,569,087	1,647,741
Subsidiary	-	-	21,355,207	16,418,874
	2,569,087	1,647,741	23,924,294	18,066,615
Accrued expenses				
Related parties	431,806	-	431,806	-
Subsidiary	-	-	45,469,410	4,769,365
	431,806	-	45,901,216	4,769,365
Construction income received in advance				
The ultimate parent	85,904,191	-	85,904,191	-

Notes to the Consolidated and Separate Financial Statements

For the year end 31 December 2018

25 Related-party transactions (Cont'd)

The following transactions were significant to subsidiary and related parties: (Cont'd)

d) Short-term loans to related parties

	Consolidated financial statements		Separate financial statements	
	2018 Baht	2017 Baht	2018 Baht	2017 Baht
Subsidiary	-	-	18,000,000	5,000,000

The movement of loans to related parties are as follows:

	Consolidated financial statements		Separate financial statements	
	2018 Baht	2017 Baht	2018 Baht	2017 Baht
Opening balance	-	-	5,000,000	5,000,000
Additions	-	-	13,000,000	3,000,000
Repayments	-	-	-	(3,000,000)
Ending balance	-	-	18,000,000	5,000,000

The Company has short-term loan to a subsidiary. The loan is unsecured loan and carry interest at the rate of 6.13% to 6.52% per annum (2017: 6.13% to 8.62% per annum). The loan is due for repayment on demand. No provision has been required for the loans to related parties.

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

e) Key management compensation

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

	Consolidated financial statements		Separate financial statements	
	2018 Baht	2017 Baht	2018 Baht	2017 Baht
For the year ended 31 December				
Salaries and other short-term employee benefits	16,124,173	13,228,425	11,905,107	10,348,707
Employee benefit obligations	304,618	300,101	304,618	300,101
	<u>16,428,791</u>	<u>13,528,526</u>	<u>12,209,725</u>	<u>10,648,808</u>

Notes to the Consolidated and Separate Financial Statements

For the year end 31 December 2018

26 Commitments

a) Letters of guarantees

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

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Currency :				
- Thai Baht	877,551,849	442,174,377	877,551,849	442,174,377
- USD	1,840,500	-	1,840,500	-

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

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

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

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

	Consolidated financial statements		Separate financial statements	
	2018 Baht	2017 Baht	2018 Baht	2017 Baht
Within 1 year	2,352,000	2,381,150	1,068,000	1,291,650
Within 2 to 5 years	1,756,500	420,000	702,500	420,000
Over 5 years	-	-	-	-
Total	4,108,500	2,801,150	1,770,500	1,711,650

c) Commitment from purchasing construction materials

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

	Consolidated financial statements		Separate financial statements	
	2018 Baht	2017 Baht	2018 Baht	2017 Baht
Currency :				
- Thai Baht	25,260,821	-	25,260,821	-
- USD	528,351	29,400	528,351	29,400

Notes to the Consolidated and Separate Financial Statements

For the year end 31 December 2018

27 Events after the reporting period

Dividend payment

On 26 February 2019, the Board of Directors's meeting passed a resolution to approve the dividend payment in respect of the operating results for the period from April to December 2018 at the rate of 0.10 Baht per share, totaling Baht 28 million. The approval of the dividend payment will be presented to the shareholders' meeting for approval in April 2019.

Initial public offering

The company offered 80,000,000 new shares to the public for the first time by issuing new shares to the public at a price of Baht 3.90 per share, totaling Baht 312 million. The company's shares were started trading on 22 January 2019.



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