



Annual Report **2020**

**CAZ (Thailand) Public Company Limited**



# Contents

Vision and Mission	2	41	Risk Factors
Message from Chairman of the Board	3	48	Securities & Shareholders Information
Message from the Chief Executive Officer	4	49	Management Structure
General Information and Other Important Information	5	60	Detail on Directors, Controlling Interest, and Company Secretary
Board of Committee	6	74	Corporate Governance
Report of the Audit Committee	8	83	Corporate Social Responsibility
Financial Highlight	10	89	Internal Control
Important Events	12	91	Related Party Transactions
Highlight Projects	13	101	Management Discussion and Analysis
Business Operations	15	116	Report on the Board of Director's Responsibility for Financial Statement
Nature of Business	22	117	Consolidated and Separate Financial Statements



# Vision and Mission

## Vision

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

- To offer professional construction services with the potential to be provider of engineering, procurement and construction.
- To develop engineering service capabilities and expand international markets.
- To be the leader in providing integrated construction services (EPC player) with strong presence in Asia Pacific.

## Mission



# Message from the Chairman of the Board

The Board of Directors would like to congratulate the success which all executives and employees joined efforts to accomplish in creating and delivering quality work to every client within the stipulated timeline, thereby building towards great success in the Company's operating results for the year 2020.

The Coronavirus 2019 (COVID-19) pandemic situation in 2020 impacted business operations of organizations in every sector in Thailand. As a result, the Company's executives proceeded with care and caution in managing risks to reduce the effect on daily operations, leading to the generation of THB 2,233 million in revenues in 2020, reflecting an increase of 9.76% from the previous year.

At present, the Company fully utilized space and office building at Pluak Daeng District, Rayong Province to enhance revenue generation capabilities in the future, enabling the Company to expand production capacity in pre-fabrication and to efficiently control production cost. As at the end of 2020, the Company has construction contracts not yet recognized as revenue of THB 3,816 million in backlog, reflecting an increase of 66.85% from the previous year.

In addition, the Company was able to increase employee productivity to revenue from THB 4.7 million per person per year in 2019 to THB 5.7 million per person per year.

2021 will be faced with new risk factors affecting the business environment and increased management complexity. Therefore, the Board of Directors places importance in exerting close oversight in corporate governance, supporting executives in implementing more effective risk management and internal control measures, encouraging the use of digital technology in business processes to enhance efficiency and safety to deliver output of quality on time, promoting employees' adherence to business ethics with honesty and transparency for the fair benefit of business partners, cooperation partners, and all stakeholders and for acceptance by major players in the petroleum, petrochemical, and energy industry in Thailand as well as key partners overseas.

On behalf of the Board of Directors, I would like to thank all shareholders, stakeholders, executives, and employees for their lasting confidence and good cooperation to the Company.



A handwritten signature in blue ink, appearing to be 'N. Tavorntvisitporn', written in a cursive style.

Mr. Narongrit Tavorntvisitporn  
Chairman of the Board of Directors



# Message from the Chief Executive Officer

CAZ (Thailand) Public Company Limited (“the Company” or “CAZ”) 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 entrust the Company in offering its services for numerous projects.



In 2020, private investment would significantly contract, given high levels of excess production capacity and uncertainties surrounding economic recovery in Thailand and abroad. Nonetheless, private investment was projected to grow by 4.9 and 5.0 percent in 2021 and 2022, respectively, on the back of recovery in merchandise exports and private consumption, as well as the progress of public-private partnership (PPP) investment projects, particularly in the EEC.

In 2020, Confronted by the outbreak of COVID-19 Pandemic and awarded project was retarded by the delaying for the Engineering and material supply from overseas contractor and supplier result in less revenue as planned. But the Company 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. In addition, the Company’s consolidated financial statements showed an increase in revenues from THB 2,034 million in 2019 to THB 2,233 million in 2020, equivalent to 9.76 percent increase. The Company also has backlog of THB 3,816 million increased over 66.85% comparing from 2019.

Moreover, the Company strives to maintain good performance and standards in order to grasp more opportunities in construction projects and main contractors. 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.

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. In addition, I would like to thank the management team and all employees for their efforts, dedication, patience, and honesty in order to achieve the Company’s goals. I promise that the Company will continually move forward for stable and sustainable growth in line with its goals.

Mr. Chung Sik Hong  
Chairman of Executive Committee /  
Chief Executive Officer

# General Information and Other Important Information

## General Information

Company Name	Registration Number
CAZ (Thailand) Public Company Limited	0107561000145

### Nature of Business

Full-range contractor services (EPC), structure and system installation, civil construction, fabrication works and other services in the oil & gas and petrochemical industry.

Registered Capital	Issued and Paid-up Capital	Par Value
<b>THB 140,000,000</b>	<b>THB 140,000,000</b>	<b>THB 0.50 per share</b>
(One hundred and forty million baht)	(One hundred and forty million baht)	
	(As at 17 January 2019)	



### Head Office

239 Huaypong-Nongbon Road, Huaypong Sub-district,  
Muang Rayong District, Rayong



038-606-242



038-606-166



www.caz.co.th



info@caz.co.th



## Information on Other Related Parties

### Auditor

KPMG Phoomchai Audit Limited

50<sup>th</sup> Floor, Empire Tower 1 Sathon Road, Yanaawa,  
Sathon, Bangkok 10120

☎ 02-677-2000

### Internal Auditor

Dharmniti Internal Audit Company Limited

5<sup>th</sup> Floor, Dharmniti Building, 178 Soi Prachacheun  
20, Prachacheun Road, Bangsue, Bangkok 10800

☎ 02-596-0500

### Securities Registrar Common Shares

Thailand Securities Depository Company Limited

The Stock Exchange of Thailand, 62 Ratchadapisek  
Road, Khlong Toei, Bangkok 10110

☎ 02-229-2800

☎ 02-359-1259



# Board of Committee



1. Mr. Narongrit Tavornvisitporn

Independent Director / Chairman of the Board of Directors / Audit Committee Member / Nomination and Remuneration Committee Member



2. Mr. Natie Tabmanie

Independent Director / Chairman of the Audit Committee / Nomination and Remuneration Committee Member

3. Mr. Yingyong Techarungnirun

Independent Director/ Audit Committee Member



5. Mr. Chung Sik Hong

Director (Authorized Director) / Chairman of the Executive Committee / Chief Executive Officer / Chairman of the Risk Management Committee



4. Mr. Somchai Kanbuakaew

Executive Committee Member / Director (Authorized Director) / Chairman of the Nomination and Remuneration Committee / Risk Management Committee Member



6. Mr. Prasert Treeveeranuwat

Director / Executive Committee  
Member / Risk Management  
Committee Member



9. Mr. Yeong Cheol Choi\*

Director



7. Ms. Nita Treeweeranuwat

Director (Authorized Director)  
Executive Committee Member

8. Ms. Kanchana Rimpanichayakij

Director



**Remark :** \*Appointed to be the Director in the Board Meeting no. 1/2020 on 27 February 2020. With effect from 29 February 2020.



# 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 subsidiary. The committee has performed the engagements independently under Audit Committee Charter to oversee and support 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 2020, the Audit Committee held five 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 2020 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 five 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 report 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 2021 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.

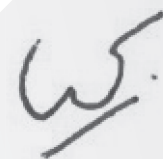
### Appointment of the Certified External Auditors

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 Ms. Vipavan Pattavanvivek Certified Public Accountant (Thailand) No. 4795; and/or Ms. Nawarat Nitikeatipong, CPA Registration No. 7789; and/or Ms. Chanarat Chanwa, CPA Registration No. 9052 of KPMG Phoomchai Audit Limited as the Company and its subsidiary independent auditors for the fiscal year 2021.

### 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 2020, 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 2020 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.



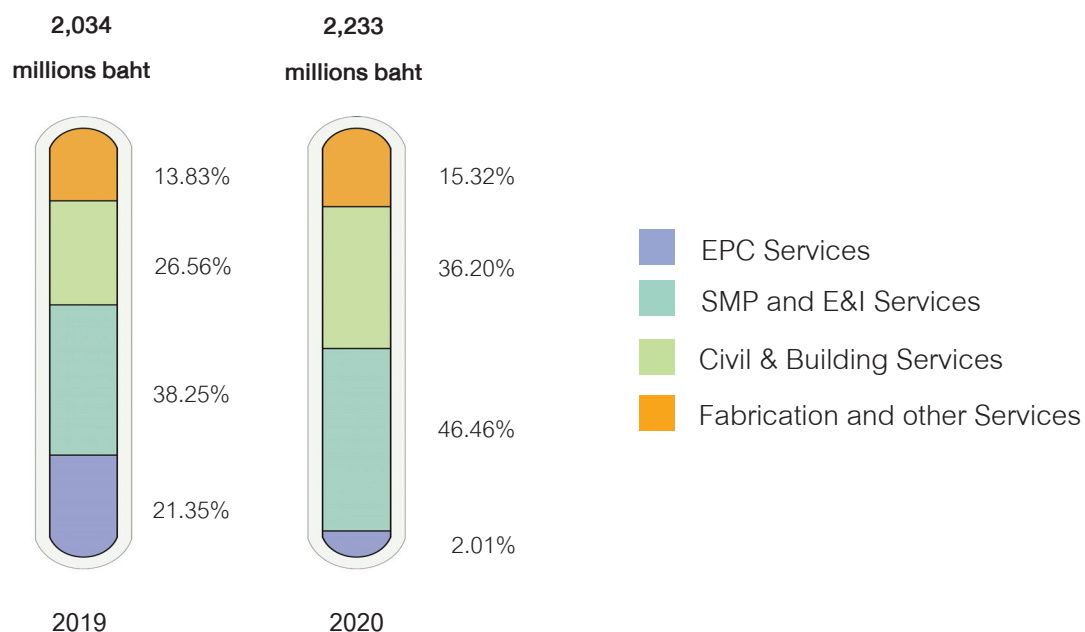
(Mr. Natie Tabmanie)  
Chairman of the Audit Committee



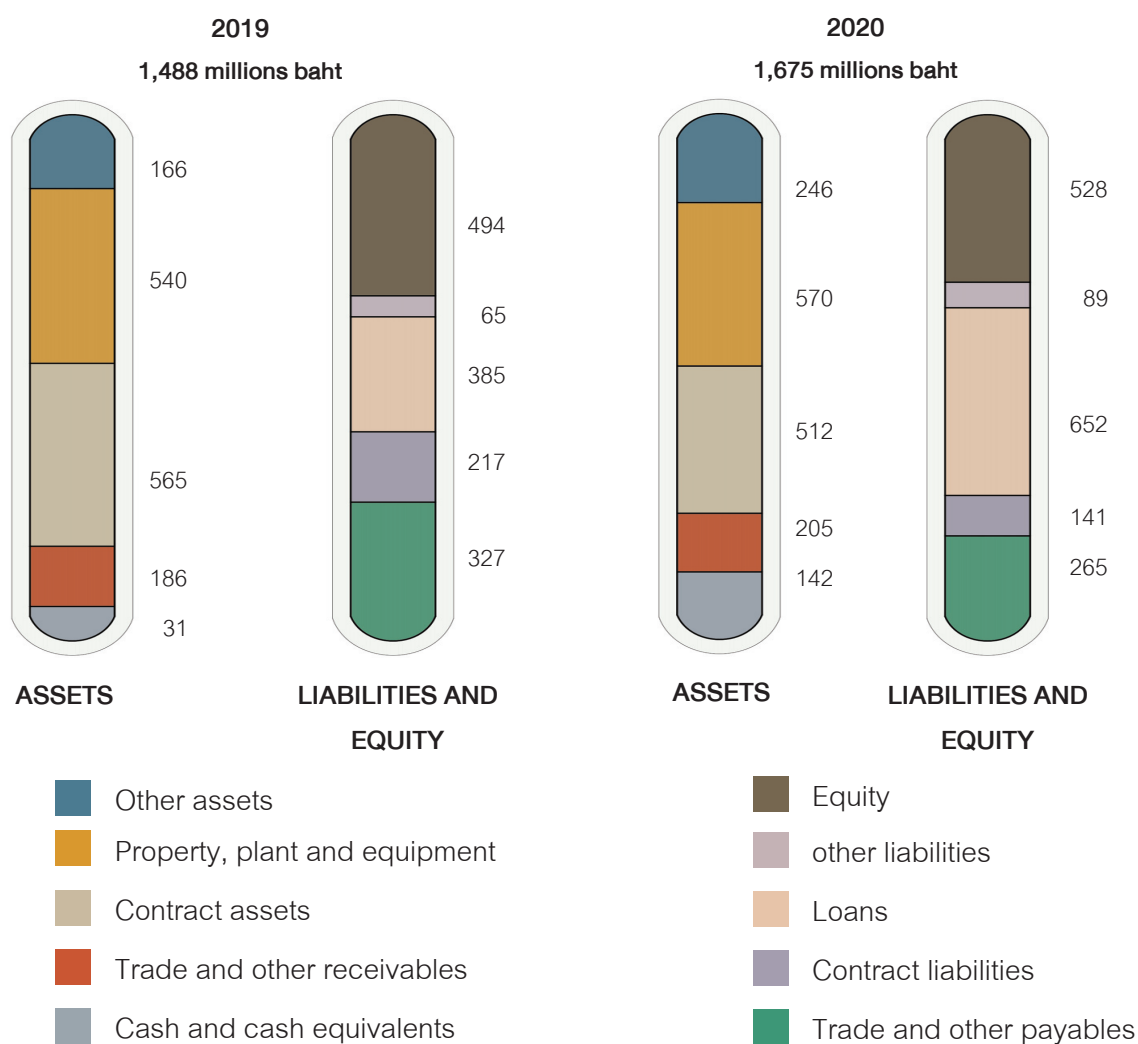
# Financial Highlight

CAZ (Thailand) Public Company Limited and its Subsidiary

## Revenue from construction services



## Statement of Financial Position



## Operating results

### Net profit attributable to owners of parent (Million Baht)



### Financial Ratio

Details	2019	2020
Gross profit margin (%)	8.97	7.97
Net profit margin (%)	3.70	2.75
Return on equity (%)	23.26	12.14
Return on assets (%)	8.40	6.75
Debt to equity ratio (time)	2.02	2.19
Book value per share (Baht)	1.79	1.87
Earnings per share (Baht)	0.27	0.22



## Important events



After finished land adjustment and building & factories renovation of new factory located on Pluak Daeng District, Rayong Province, on Friday June 19<sup>th</sup>, 2020 CEO Mr. Chung Sik Hong, along with the management and staff participated in a merit making activity at the new factory. In which this merit making there was a ceremony to offer food and Thai dharma to 9 monks to promote the prosperity of the organization and the morale of the work of the employees.



## Highlight Projects



1) PTTGC Olefins Reconfiguration  
Package No. 2,3,4,5 (SMP)

2) PTT LNG Receiving Terminal (BOP STEEL STRUCTURE, EQUIPMENT  
INSTALLATION WORK AND LNG TANK STEEL STRUCTURE MATERIAL  
SUPPLY) (SMP and Civil)





3



4

3) WP Bang Pa-Kong LPG Terminal Phase 3 (EPC)

4) PTT LNG Receiving Terminal (Jetty Top Side Piping Fabrication and Installation Work) (Piping)



# Business Operations

## Policy and Overview of Business Operations

### 1. Strategy and Business Goals

#### 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 engineering 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). Led 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

**On 6 February** CAZ (Thailand) Public Company Limited (“the Company” or “CAZ”) was established 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.

**On 20 March**, the Company issued 260,000 new shares for a total amount of THB 26.60 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.

2015

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.

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.

2017

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

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 11-15 January , the Company offered to sell the newly issued shares to the public for the first time in the amount of 80,000,000 shares by selling the new shares to the subscribers at the price of THB 3.90 per share, totaling THB 312.00 million by the listed Company. The increase of paid-up capital with the Ministry of Commerce on 17 January 2019 and the shares of the company began to be traded on the Stock Exchange of Thailand on 22 January 2019.

2019

On 30 August , the Company invested in land Buildings and factories in Pluak Daeng District, Rayong Province, with a total area of 79 rai 47 square meters in the amount of THB 100.00 million to support company capacities of existing projects on hand and additional future projects.

The Company invested in additional 43,902 ordinary shares of JKEC (a subsidiary company) with a par value of THB 100 totaling THB 4,390,200 and still maintaining the proportion of investment in the subsidiary at the rate of 73.17 percent on 1 October 2019.

2020

In April 2020, the Company expanded the steel structure work capacities for new contracts which signed in Q1/ 2020 to new factory located on Pluak Daeng District, Rayong Province, after the land, buildings and factories have completed renovation.



On October 19, the Company signed a construction contract for the Clean Fuel Project. The scope of works is procurement, production and installation of structural work, mechanical work, pipe work, totaling of Baht 1,608 Million, which is considered the most valuable project since the establishment of the Company as a result, the backlog as of December 31, 2020 contract value is 3,816 million baht, which is the highest amount since the company was established as well.

## 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 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 2020, 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. 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%.

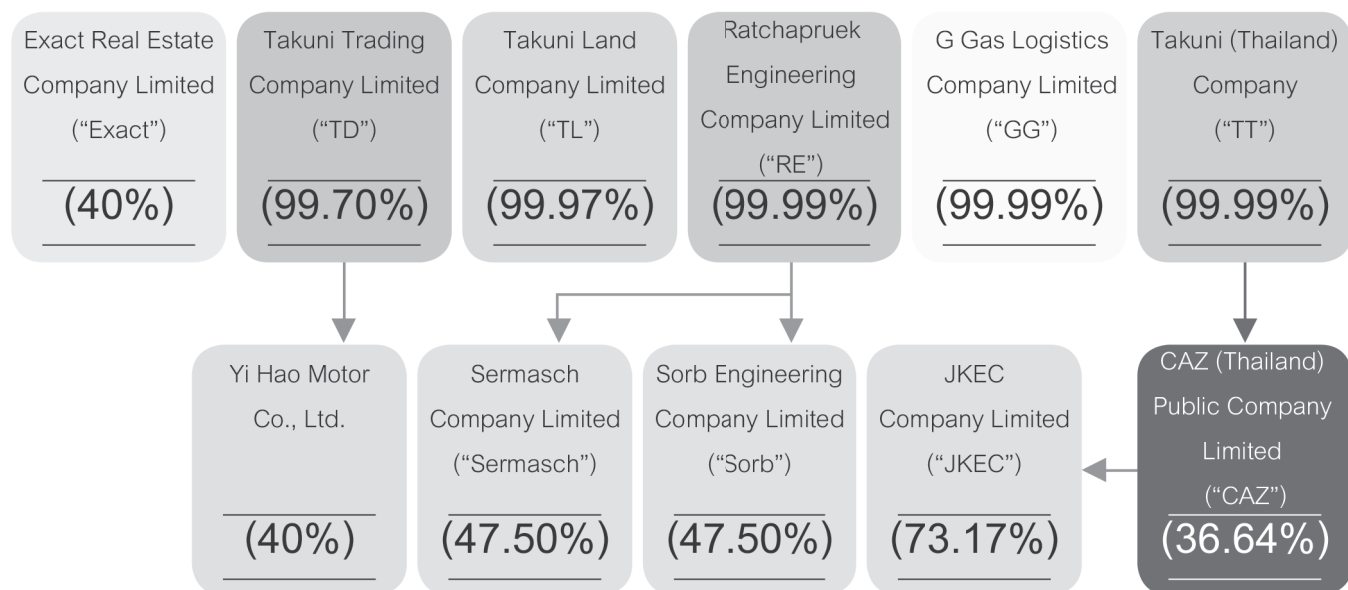
On 1 October 2019, JKEC registered capital increase from THB 4,100,000 (41,000 shares with a par value of THB 100 per share) to THB 10,100,000 (101,000 shares with a par value of THB 100 per share). Investment in subsidiary companies at the rate of 73.17 percent by investing in 43,902 additional ordinary shares of JKEC with a par value of THB 100, totaling THB 4,390,200.

## 4. Business Relationship with Major Shareholders (as at 31 December 2020)

Major shareholders are divided into

1. **Executives** holding 19.55 percent of paid-up capital
2. **Takuni (Thailand) Company Limited**, subsidiary of Takuni Group Public Company Limited, holding 36.64% of paid-up capital, with details on TAKUNI's group structure as follows;

### Takuni Group Public Company Limited ("Takuni")



Operations of companies in the Takuni Group Public Company Limited group

Company	Business
Takuni (Thailand) Company Limited	Automobile gas installation and gas piping system construction
G Gas Logistics Company Limited	Transportation
Ratchapruet Engineering Company Limited	Engineering safety testing service
Takuni Land Company Limited	Property Development
Takuni Trading Company Limited	Electric motorcycles Manufacturing and Distribution
Exact Real Estate Company Limited	Property Development
Sorb Engineering Company Limited	Sales and installation of tools and machinery
Sermasch Company Limited	Repair and Maintenance of tools and machinery
CAZ (Thailand) Public Company Limited	Construction service for clients in the oil, gas and petro chemical industry
JKEC Company Limited ("JKEC")	Civil and foundation construction service
Yihao Motor Co., Ltd.	Manufacturer and assembly electric motorbike

## 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.



# Nature of Business

## 1. Revenue structure

Revenue structure for 2018 - 2020 by the business segment could be divided into 4 categories as follows.

Type of Business	2018		2019		2020	
	Million Baht	%	Million Baht	%	Million Baht	%
1. Engineering, Procurement and Construction (EPC) Service	563.97	40.58	434.44	21.29	44.97	2.01
2. SMP & E&I Services	343.49	24.71	778.26	38.14	1,037.53	46.39
3. Civil and Building Service	341.85	24.60	540.30	26.48	808.40	36.15
4. Fabrication and Other Service	137.77	9.91	281.46	13.79	342.16	15.30
<b>Total Revenue from services</b>	<b>1,387.08</b>	<b>99.80</b>	<b>2,034.46</b>	<b>99.70</b>	<b>2,233.06</b>	<b>99.85</b>
Other income <sup>1/</sup>	2.79	0.20	6.19	0.30	3.37	0.15
<b>Total revenue</b>	<b>1,389.87</b>	<b>100.00</b>	<b>2,040.65</b>	<b>100.00</b>	<b>2,236.43</b>	<b>100.00</b>

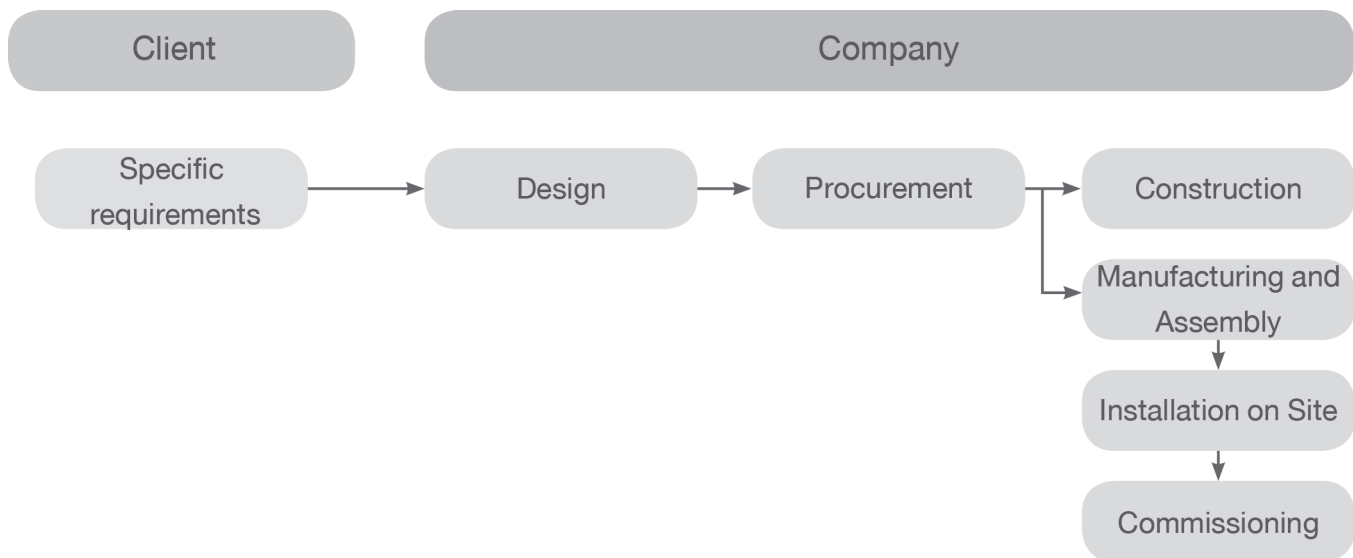
*Remark : <sup>1/</sup> Other income comprises of rental income from lease of office spaces and sales of scrap metal or other unused assets*

## 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 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: WP BangPa-kong  
LPG Terminal Phase 3**



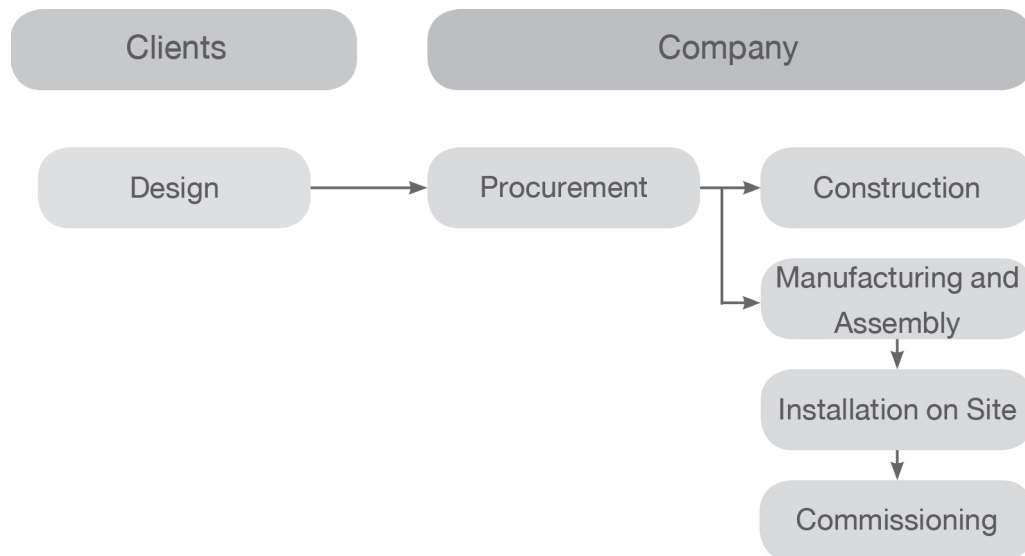
**Project Name: PTT Tank Terminal  
Propylene Spherical Tank**



**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 (and electrical) 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, Mechanical, Piping and E&I Construction Services



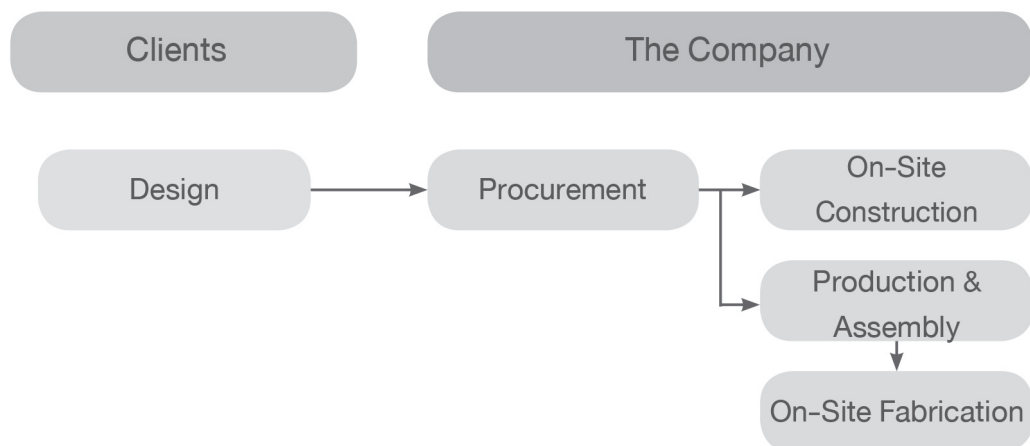
**Project Name: PTT LNG Cold Water  
Generation Facilities**



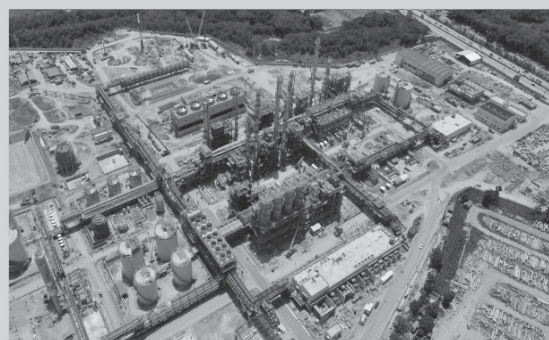
**Project Name: PTT LNG Receiving  
Terminal Expansion**

### 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



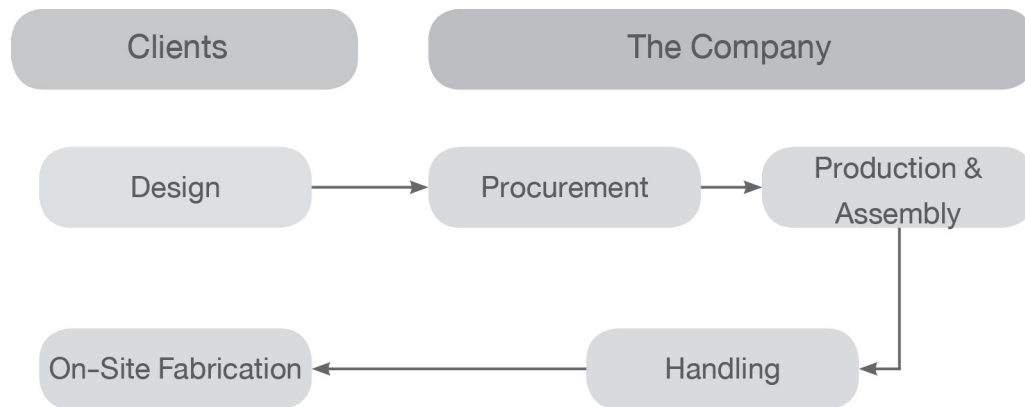
**Project Name: PTTGC  
Propylene Oxide**



**Project Name: BCP CCR**

#### 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



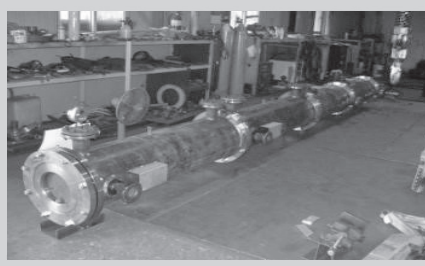
Furnace &amp; Heater



Bending Work



Drilling and Cutting Work



Heat Pipe Fabrication



Heat exchange pipe fabrication and assembly

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.

## Standards and Certificates

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

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 9001:2008 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.

Work safety statistics in 2018 – 2020 are as follows.

Year	Statistics			IFR	LTIR	Working Hours
	MTC	LTI	FC			
2018	2	0	0	0.09	0	4,353,957
2019	3	0	0	0.09	0	6,986,502
2020	3	0	0	0.04	0	10,654,610

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

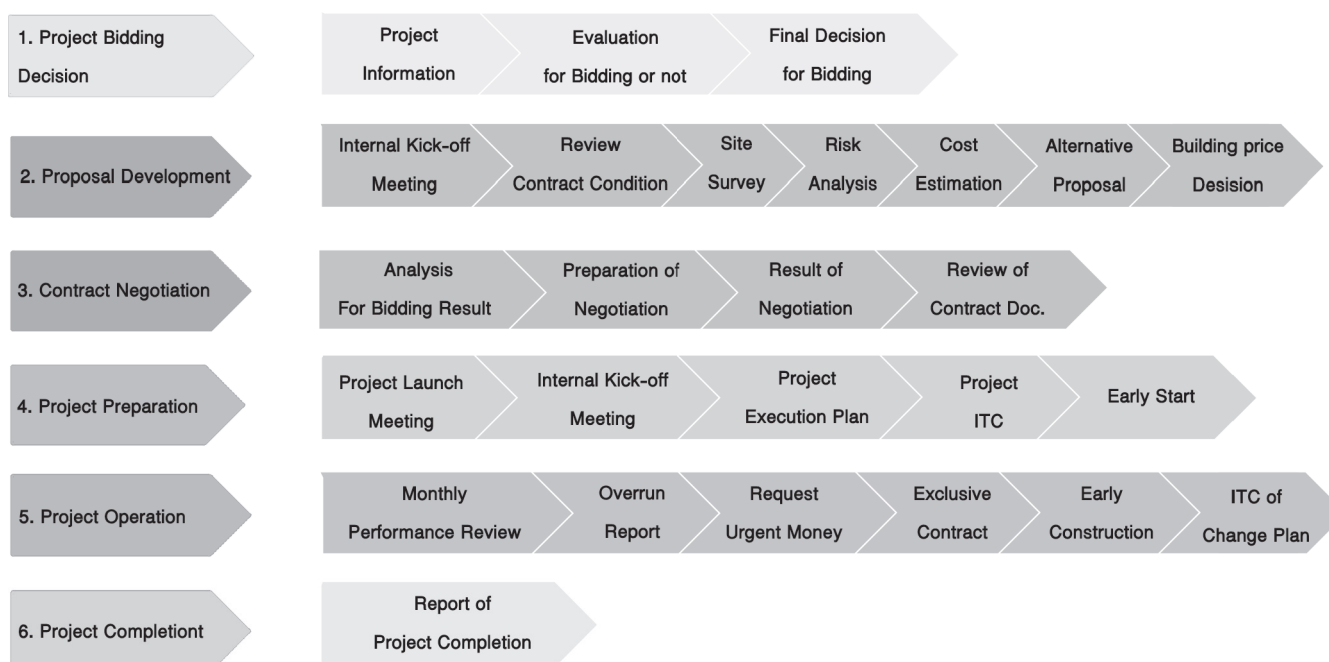
Another important factor that the Company prioritizes is quality. Throughout the design, procurement and construction processes, the Company's Quality Assurance Division, which consists of specialized experts, monitor quality control by inspecting each process from the selection of engineers and welders 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.

Additional, the Company is focusing on society and the environment in the workplace, especially, drug problem. Therefore, is determined to contro factories and establishments into a drug-free zone in order to promote the quality of life of workers and employees in factories and establishment. By following the measures of the Labor Welfare Division Department of Labor Protection and Welfare "White factory".

#### 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. Moreover,

In addition, in 2020, the company has expanded its production capacity for fabrication steel products to Buildings and factories at Pluak Daeng District, Rayong Province. In order to, support the current revenue growth from the construction of steel structure projects. It will also the increase opportunities to expand new customers base in the industrial area nearby Pluak Daeng District, Rayong Province for the future as well.

### 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 2018 – 2020 are as follows:

## Revenue Contribution by Project Type

Unit: THB Million

Revenue by project type	2018		2019		2020	
	Amount	%	Amount	%	Amount	%
<b>Petrochemical</b>	419.73	30.26	1,842.06	90.54	1,748.62	78.31
PTT and its subsidiaries <sup>1</sup>	357.95	25.81	1,249.01	61.39	1,748.62	78.31
Other companies <sup>2</sup>	61.78	4.45	593.05	29.15	-	-
<b>Gas</b>	807.45	58.21	163.93	8.06	484.44	21.69
PTT and its subsidiaries <sup>1</sup>	807.45	58.21	163.93	8.06	484.44	21.69
Other companies <sup>2</sup>	-	-	-	-	-	-
<b>Power plant</b>	159.90	11.53	28.47	1.40	-	-
PTT and its subsidiaries <sup>1</sup>	159.90	11.53	28.47	1.40	-	-
Other companies <sup>2</sup>	-	-	-	-	-	-
<b>Others</b>	-	-	-	-	-	-
<b>Total</b>	<b>1,387.08</b>	<b>100.00</b>	<b>2,034.46</b>	<b>100.00</b>	<b>2,233.06</b>	<b>100.00</b>

Remark : <sup>1</sup> PTT and its subsidiaries include PTT, PTTGC, PTT LNG, PTT TANK, Thai Oil, IRPC

<sup>2</sup> Other companies are companies in the petrochemical, gas and power plant industry

### 4.3 Type of Contract

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, Joint Venture of Petrofac Southeast Asia Pte. (PSEAL); Saipem Singapore Pte. Ltd. (SSING); Samsung Engineering (Thailand) Co., Ltd. (SET), and SPCC Joint Venture 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 2018 - 2020

Unit: THB Million

Type of the contract	2018		2019		2020	
	Revenue	%	Revenue	%	Revenue	%
Main Contractor	829.06	59.77	1,785.30	87.75	2,201.05	98.57
Project Owner	558.02	40.23	249.16	12.25	32.01	1.43
<b>Total</b>	<b>1,387.08</b>	<b>100.00</b>	<b>2,034.46</b>	<b>100.00</b>	<b>2,233.06</b>	<b>100.00</b>

## 4.4 Industry and Competition

### 4.4.1 Industry, Changing in energy and Market Trend

According, the National Energy Reform Plan for the years 2018 - 2022 in the fields of oil, gas and petrochemical, the reform issues divided work plans into 2 phases: short-term plans for the years 2018 – 2019. Focused on improving energy management, create an energy supply plan, promote alternative energy and conserve energy. Including, the determine for the development and investment of new technologies of the country. For example, building a real power plant to supporting domestic investment, building a national energy information center, having a public-proposed power plant area for the first time, adjusting a new energy supply plan, including electricity, natural gas and oil, and restructuring business management electricity and promote free electricity business using alternative energy, study opportunities to develop into Regional LNG Trading Hub. And medium-term plans for the years 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 such as; 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; etc. All of these may leads Thailand the opportunity to step into a developed country with an average per capita income of more than 15,000 baht, which will build the country's competitiveness as the government's target.

However, the impact of Covid-19 pandemic has led to a significant dropped in global oil demand and insufficient storage tanks on the world market. Together with price fluctuations and the control of production and delivery volumes of oil producing countries. Resulted to, the overall of energy consumption record was significant dropped than last decades, and the world oil price hit its lowest in April 2020. Many businesses' operations are continually affected and the domestic economy was disrupted. As the Energy Policy and Planning Office Thailand Energy Situation Report for the first half of 2020 gross energy consumption decreased by 10.1 percent due to oil and natural gas consumption. Although the Covid-19 vaccine was developed at this moment, the situation of energy consumption in many countries around the world, including Thailand, began to dissolve and economic recovery. On the other hands, it is expected that Thailand's energy consumption

trend will gradually increase within the next 1-2 years due to economic and population expansion. Including the development of technology that uses more energy Digital Transformation, and “Thailand 4.0” policy driving. Such as the high-speed rail project connecting the three airports, the Suvarnabhumi-U-Tapao section Map Ta Phut Port and Laem Chabang Port Development Project, Phase 3 and U-Tapao Airport Development Project with a total investment value of more than Billion 60 Baht in 2021 (from a total value of more than Billion 6.8 Baht throughout the project). Together with the natural gas infrastructure that has been approved according to the Power Development Plan (PDP) (Gas Plan 2015) for the LNG Terminal Project, following projects;

- The new LNG Terminal Project in Rayong Province (Ban Nong Fab) has the capacity to translate LNG into 7.5 million tons of gas per year (can be expanded to 15 million tons per year), scheduled for completion in 2022.
- FSRU project in the upper Gulf of Thailand it has the capacity to translate LNG into gas 5 million tons per year, scheduled for completion in 2024.
- LNG Terminal Project, Map Ta Phut Industrial Port, Phase 3 in the Eastern Special Development Zone (EEC), Rayong Province, the capacity to translate LNG into gas 10.8 million tons per year (can be expanded to 16 million tons per year) has been determined. Completed year 2027.

In addition, phase 4 petrochemical development, which is a continuation of the 1-3 Petrochemical Development Plan (1980-2018), is considered a mechanism to drive the country to Thailand 4.0 through the Eastern Economic Corridor Development Project (EEC: Eastern Economic Corridor) has a guideline for developing plastics and chemicals industries to create added value. And enhance the competitiveness of the Thai plastic and chemical processing industry. Together with supporting the small and medium plastic and chemical processing enterprises to expand into new markets. Such as the CLMV countries (Cambodia, Laos, Myanmar, Vietnam), as well as establishing new areas for the long-term development of the petrochemical industry by 2022 to promote income distribution to regions beyond the Eastern Seaboard in many guidelines as following;

- Development of complexes, refineries and petrochemical plants together to have a production capacity comparable to the world scale production capacity in order to achieve economy of scale.
- The development of the petrochemical industry as a cluster and development the petrochemical value chain ranging from upstream, intermediate, downstream petrochemicals and plastics and chemicals processing enterprises. To be connected with the development of the palm and rubber industry, to produce biofuels, to develop the oleochemical industry, rubber industry and the bioplastics industry.
- Development of necessary infrastructure such as city planning, utilities, logistics, environmental management, etc.

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

Natural gas management plan 2018 - 2037. Office of Energy Policy and Planning October 2020. Ministry of Energy. “Announcing the Office of the President of the State Reforming the National Reform Plan (Revised version)” (2021, 23 February). Government Gazette. Volume 138, special part, 44 n. 1.

Bangkok Post (2 September 2020). Launch an energy reform plan. Listen to comments on Petrochemical Phase 4. <https://www.bangkokbiznews.com/news/detail/896136> (3 Mar 2021).

Bank of Ayudhya (11 January 2021), Thai business and industry trends 2021 - 2023. <https://www.krungsri.com/th/research/industry/Industry-Horizon/industry-summary-outlook-2021-2023>. (13 Mar 2021).

#### 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 works of construction on customer's demand 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**

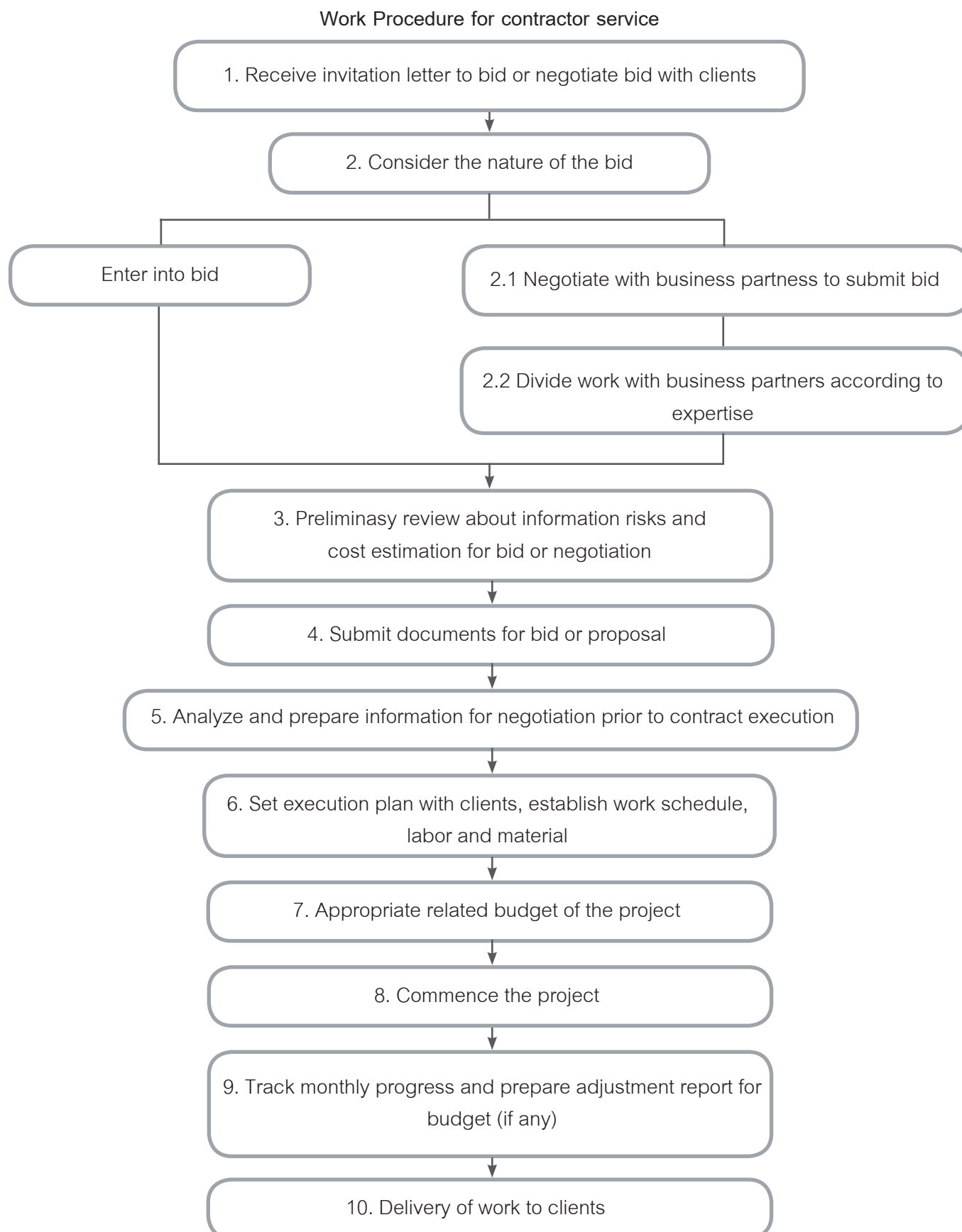
The Company's products and services are mostly projects of different types. The Company has to directly present to the client to be considered on a case by case basis. For an open bid where the project owner sets up a bid for anyone interested, the number of participants depend on the complexity and 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



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. 2016
- Fire extinguishment training and fire evacuation training, according to Ministerial Regulation Articles 27 and 29 and 30.
- Inspection of wastewater from the factory, according to the law promote and preserve the quality of the national environment 1992.
- For environmental management, the Company applied and implemented the environmental management system (ISO 14001:2005) as a standard for manage and control environment. And due to the COVID-19 pandemic situation, the company expects to complete it and get certificate within 2021.

In addition, the Company is focusing on creating competitiveness by increasing production that reduces environmental impact and has safety and occupational health in accordance with the guidelines of the Ministry of Industry, which has promoted industrial development in Thailand to be in line with the green industry. And eco industry which focuses on building competitiveness and social responsibility together.

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

#### 4.7 Projects valuation which not yet recognized revenue (Backlog) as at 31 December 2020

	Project	Nature of Work	Type of Work	Project Start – Expected Completion	Project Value (THB million)	Project Progress (%)	Value Recognized as Revenue (THB million)	Value unrecognized as Revenue (THB million)
1.	Engineering design, procurement of machinery and equipment, and construction and installation of enclosed ground flare (EGF) for Bangchak (On negotiation process with client for additional work and contract extension)	Main Contractor	EPC	Apr 2018 – Jun 2019	271.83	98.00	266.40	5.43
2.	New olefins project with structure, mechanical, Piping, Painting for PTTGC Olefins Reconfiguration SMP Project for package 2,3,4,5 (As at 31 Dec 2020 on commissioning stage).	Sub Contractor	SMP	May 2018 – Jul 2020	1,463.68	99.62	1,458.12	5.56
3.	Steel structuring for PTTGC olefins reconfiguration project	Sub Contractor	Fabrication and Other Service	Apr 2018 – Jan 2020	304.91	96.61	294.58	10.33
4.	PTTLNG Nong Fab LNG Receiving Terminal Project (Lightning and Underground Conduit Work)	Sub Contractor	E&I	Aug 2019 – Mar 2021	84.34	27.69	23.36	60.98
5.	PTTLNG Nong Fab LNG Receiving Terminal Project (Package 2)	Sub Contractor	Civil and E&I	Jul 2019 – Mar 2021	643.68	56.77	365.42	278.26
6.	Thai Oil Clean Fuel Project Civil Work	Sub Contractor	Civil	Nov 2019 – May 2022	808.12	46.72	377.53	430.59
7.	PTTLNG Heater & Actuator Installation	Main Contractor	EPC	Jun 2020 – May 2021	36.80	52.00	19.14	17.66
8.	Thai Oil Clean Fuel Project Piping Fabrication Work	Sub Contractor	Fab and Other Service	May 2020 – Jul 2021	378.81	15.97	60.50	318.31
9.	PTTLNG Nong Fab LNG Receiving Terminal Project BOP Steel Structure, Equipment Installation Work and LNG Tank Steel Structure Material Supply	Sub Contractor	Structure and Mechanical	Jun 2020 – Aug 2021	401.00	18.88	75.70	325.30
10.	PTTLNG Nong Fab LNG Receiving Terminal Project Jetty Top Side Piping Work	Sub Contractor	Piping	Jun 2020 – Aug 2021	863.00	12.45	107.42	755.58
11.	Thai Oil Clean Fuel Project SMP Work for ERU Area	Sub Contractor	SMP	Oct 2020 – Apr 2022	1,608.47	3.51	56.42	1,552.05
12.	Other projects	Sub Contractor	Fab and Other Service		203.77		147.38	56.39
<b>Total</b>					<b>7,068.41</b>		<b>3,251.97</b>	<b>3,816.44</b>

**Note:** On January 7, 2021, the company signed a project, Clean Fuel Project total value of Baht 106.58 Million, starting the contract in January 2021. Leads to the total backlog of Baht 3,923.02 Million.



# 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 2020, the Company has 312 employees, excluding executives, comprising of 290 Thais and 19 Koreans, 3 Filipinos which divided into the Construction Department and Engineering Department with a total of 270 engineers, comprising of 254 Thais and 13 Koreans, 3 Filipinos and other departments with a total of 42 employees, comprising of 36 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.

	2018		2019		2020	
	Million Baht	%	Million Baht	%	Million Baht	%
Korean group of companies	800.20	57.69	1,451.60	71.35	1,090.81	48.85
Other groups of companies	586.88	42.31	582.86	28.65	1,142.25	51.15
<b>Total</b>	<b>1,387.08</b>	<b>100.00</b>	<b>2,034.46</b>	<b>100.00</b>	<b>2,233.06</b>	<b>100.00</b>

## 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. Therefore, the Company provides financial management and regularly assesses its ability to comply with financial maintenance conditions. Moreover, the Company apply for a waiver of the conditions of debt covenant with a commercial bank. When the Company found that trend those ratios might be not meet the conditions stipulated in the agreement for the financial statements for that period.

### 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. Currently, the Company getting the construction contract through the main contractor which has good credibility and financial base. Such as Samsung Engineering (Thailand) Co., Ltd., Joint Venture of Petrofac Southeast Asia Pte. (PSEAL): Saipem Singapore Pte. Ltd. (Saipem): Samsung Engineering (Thailand) Co., Ltd. (SET), and SPCC Joint Venture, etc. Considered to be a leading major project contractor in Thailand and internationally with a good and reliable track record and financial position. These construction works are also owned by project owners who have good credit and financial status as well: PTT Global Chemical Public Company Limited, Thai Oil Public Company Limited, PTT LNG Company Limited. Limited, etc. These would help reduce the risk of not receiving the construction payment issue from the employer to a certain extent. From the past performance, the Company has an increased proportion of revenue from contractors through the main contractors. As detailed in the Company's work proportion table Classified by customer supply channels (As shown in Section of Nature of Business Operation on article 4.3).

### 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.

However, after listing on the Stock Exchange of Thailand and raising funds through Initial Public Offering (IPO) completed in January 2019. Lead the Company's ability to the expansion of the Company's business and to serve as another channel in providing the Company with working capital. And also can reduce such short of working capital risk.

## Operating Risk

### 5. Risk of Competition and Continuity of Revenue from Bids

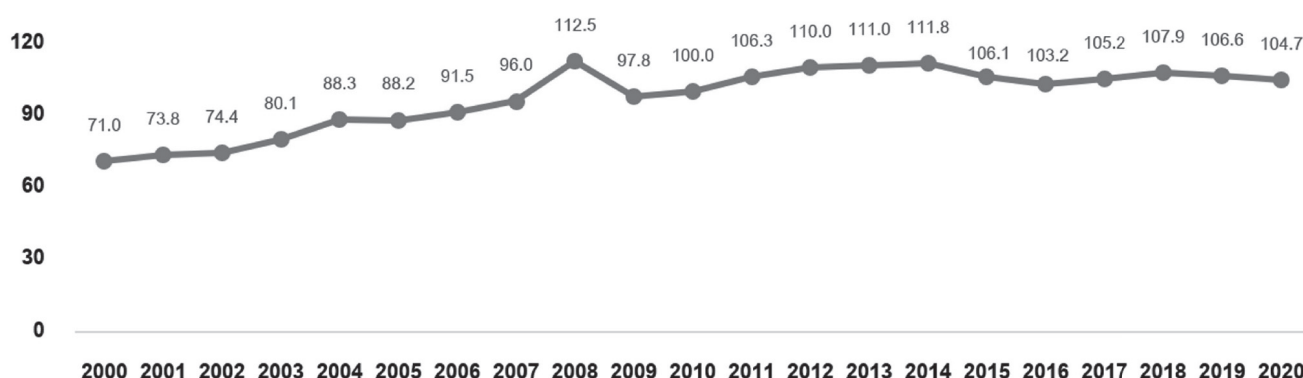
The Company's provision of engineering design services, EPC services, structural and system installation, civil engineering services, and the production and fabrication of industrial piping systems involve bids being made to the project owner. As a result, the Company's revenue fluctuates in accordance 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 construction warranty with penalty compensation 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 2016-2020 (Base year 2010 = 100) as shown in the following chart.



Chart 1 : Construction Materials Price Index 2016-2020



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.

During the year 2020, the Company is in the process of implemented international standards for occupational health and safety management (OH&S) (ISO 45000: 2018) in order to reduce waste accidental injuries and prevent the health deterioration of employees from work. And expect to get it certificate within 2021.

## 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. Also, to create a better working environment for employees in the workplace which is expected to be completed by 2020.

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 assembly, spray paint, 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

The Company has been sued for a damage case by a company ("plaintiff") for breach of service contract in amount of Baht 18.31 million. The Company received a subpoena from the Civil Court on 30 November 2019. In this regard, the Company submitted a petition requesting and counterclaims on 27 January 2020. The Company sued to plaintiff seeking compensation of Baht 17.1 million for losses resulting from breach of service contract. The Court of the First Instance's judgement dated on 23 December 2020 considered that the termination from both parties have voluntarily terminated the contract since 27 September 2019. The Company has liable for payment of service contract to the plaintiff plus interest rate at 7.5% per annum starting from



3 November 2019 and the plaintiff has to return advance payment to the Company. The remaining liability that the Company has to paid to plaintiff amounting to Baht 3.12 million. As a result, the Company has recorded the provision followed by the Court of the First Instance's judgement.

Subsequently, on 22 February 2021, the Company submitted an appeal. Currently, the appeal is in consideration of the Appeal Court. Including, the Company submitted the petition to stay the execution in order to be executed by the judgement during the process of the appeal. At present, the Company does not have any other legal disputes.

# 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 18 March 2021 are as follows.

No.	Shareholders name	Number of share	%
1	Takuni Group <sup>1</sup>		
	Takuni (Thailand) Co., Ltd.	102,599,000	36.64
	Treeweeranuwat Family	8,236,247	2.94
	<b>Total Takuni Group</b>	<b>110,835,247</b>	<b>39.58</b>
2	Mr. Chung Sik Hong	31,418,800	11.22
3	UBS AG LONDON BRANCH	16,163,900	5.77
4	Mr. Yeong Cheol Choi	13,675,200	4.88
5	NOMURA PB NOMINEES LTD.	12,246,800	4.37
6	Mr. Bum Wook Kwak	11,353,000	4.06
7	Mr. Wang Youp Jhee	9,669,000	3.45
8	Mr. Wirat Pattaramaetakul	5,000,000	1.79
9	Mr. Kyung Jun Yu	4,960,800	1.78
10	Mr. Nop Vijakkhana	2,250,000	0.80
	<b>Total</b>	<b>217,572,747</b>	<b>77.70</b>

**Remarks :**

<sup>1</sup> Takuni (Thailand) Company Limited held by Takuni Group Public Company Limited at 99.99% of total amount of share capital.

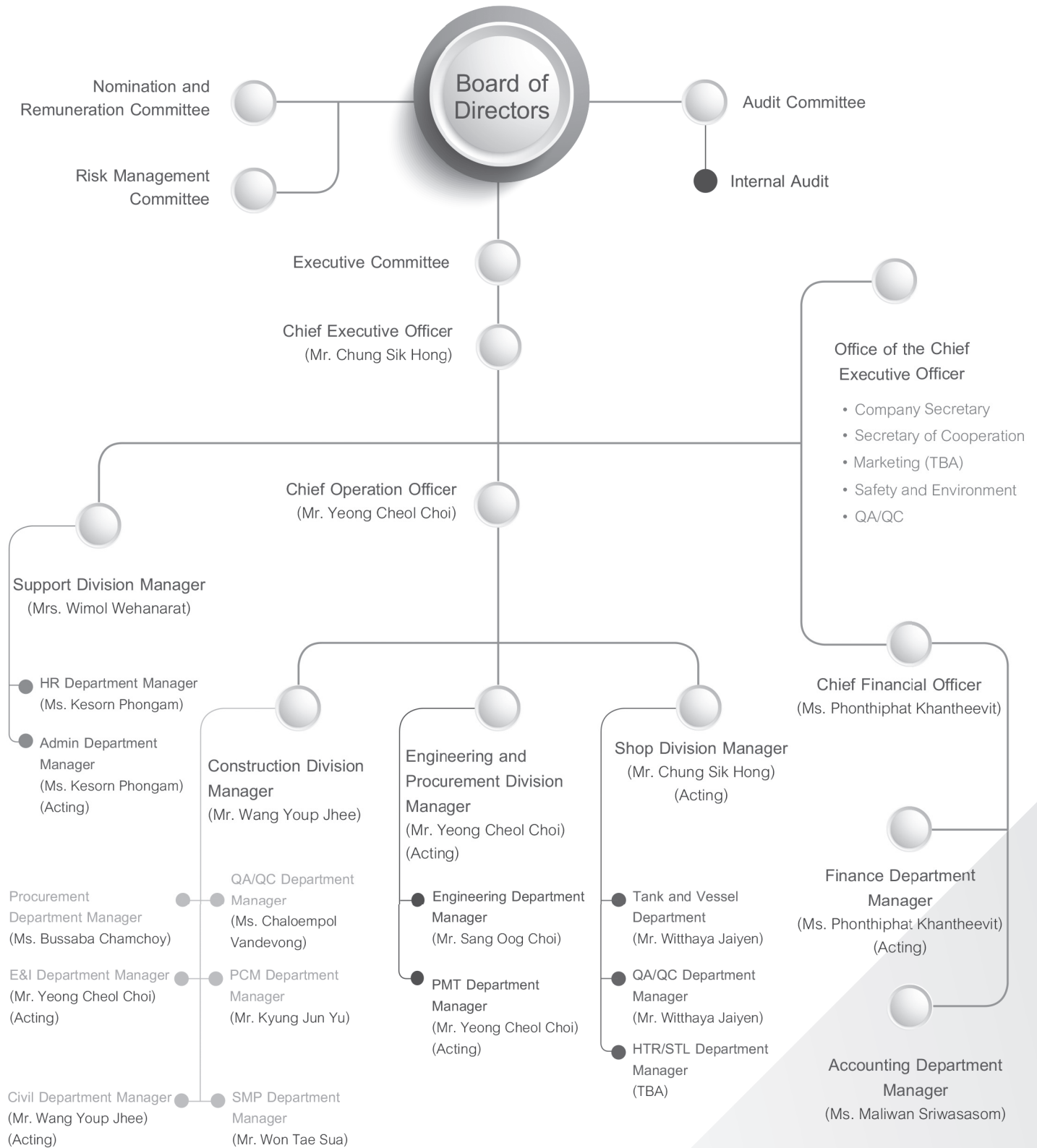
Takuni Group Public Company Limited which major shareholder is Treeweeranuwat Family at 51.80% of total amount of share capital.

## 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 as at 31 December 2020 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 2020, 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. Natie Tabmanie	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. Yeong Cheol Choi <sup>1</sup>	Director (Management)

**Remark:** <sup>1</sup> The Board of Directors' meeting No. 1/2020 appointed Mr. Yeong Choi as a replacement director, effective from February 29, 2020.

<sup>2</sup> 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 2019 and 2020 are as follows.



Name of Director	Attendance / Total Number of Meetings	
	2019	2020
1. Mr. Narongrit Tavorntvisitporn	7/7	5/5
2. Mr. Suthi Thum-Umnauysuk <sup>1</sup>	6/7	-
3. Mr. Yingyong Techarungnirun	7/7	5/5
4. Mr. Chung Sik Hong	4/7	5/5
5. Mr. Prasert Treeveeranuwat	7/7	5/5
6. Ms. Nita Treeweeranuwat	7/7	5/5
7. Mr. Somchai Kanbuakeaw	7/7	5/5
8. Ms. Kanchana Rimpanichayakij	6/7	5/5
9. Mr. Natie Tabmanie <sup>2</sup>	0/7	5/5
10. Mr. Charoenchai Amnatsomboonsuk <sup>3</sup>	3/7	0/1
11. Mr. Yeong Cheol Choi <sup>4</sup>	-	4/4

**Remark :** <sup>1</sup> Resigned from the position of Independent Director, Chairman of the Audit Committee and the Nomination and Remuneration Committee of the Company, effective from 15 August 2019.

<sup>2</sup> Appointed to be independent director, director, nomination and remuneration committee, and the Chairman of the Audit Committee in the Board Meeting no. 7/2019 on 11 November 2019.

<sup>3</sup> Resigned from the position of Director of the Company, effective from 28 February, 2020.

<sup>4</sup> Appointed to be the Director in the Board Meeting no. 1/2020 on 27 February, 2020. Effective from 29 February.

### Authorized Director

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

## 2. Audit Committee

As at 31 December 2020, the Audit Committee comprises of the following 3 directors.

Name of Director	Position
1. Mr. Narongrit Tavorntvisitporn	Chairman of the Board of Directors, Audit Committee Member Nomination and Remuneration Committee and Independent Director
2. Mr. Natie Tabmanie	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. Mr. Narongrit Tavorntvisitporn is the Chairman of the Board of Directors and Mr. Natie Tabmanie is the Chairman of the Audit Committee.

Attendance of the Audit Committee Meetings in 2019 and 2020 are as follows.

Name of Director	Attendance / Total Number of Meetings	
	2019	2020
1. Mr. Suthi Thum-Umnauysuk <sup>1</sup>	4/6	-
2. Mr. Narongrit Tavorntvisitporn	6/6	3/4
3. Mr. Yingyong Techarungnirun	6/6	4/4
4. Mr. Natie Tabmanie <sup>2</sup>	0/6	4/4

**Remark :** <sup>1</sup> Resigned from the position of Independent Director, Chairman of the Audit Committee and the Nomination and Remuneration Committee of the Company, effective from 15 August 2019.

<sup>2</sup> Appointed to be the Chairman of the Audit Committee in the Board Meeting no. 7/2019 on 11 November 2019.

### 3. Risk Management Committee

As at 31 December 2020, the Risk Management Committee comprises of the following 3 directors.

Name of Director	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

### 4. Nomination and Remuneration Committee

As at 31 December 2020, the Nomination and Remuneration Committee comprises of the following 3 directors.

Name of Director	Position
1. Mr. Somchai Kanbuakeaw	Chairman of the Nomination and Remuneration Committee
2. Mr. Narongrit Tavorntvisitporn	Nomination and Remuneration Committee Member
3. Mr. Natie Tabmanie <sup>1</sup>	Nomination and Remuneration Committee Member

**Remark :** <sup>1</sup> Appointed to be the Normination and Remuneration Committee in the Board Meeting no. 7/2019 on 11 November 2019.

Attendance of the Nomination and Remuneration Committee Meetings as follows.

Name of Director	Attendance / Total Number of Meetings	
	2019	2020
1. Mr. Somchai Kanbuakeaw	2/2	2/2
2. Mr. Narongrit Tavornvisitporn	2/2	2/2
3. Mr. Suthi Thum-Uмнаuysuk <sup>1</sup>	1/2	-
4. Mr. Natie Tabmanie <sup>2</sup>	0/2	2/2

Remark : <sup>1</sup> Resigned from the position of Independent Director, Chairman of the Audit Committee and the Nomination and Remuneration Committee of the Company, effective from 15 August 2019.

<sup>2</sup> Appointed to be the Nomination and Remuneration Committee in the Board Meeting no. 7/2019 on 11 November 2019.

## 5. Executive Committee

As at 31 December 2020, the Executive Committee comprises of the following 6 directors.

Name of Director	Position
1. Mr. Chung Sik Hong	Chairman of the Executive Committee
2. Mr. Prasert Treeveeranuwat	Executive Committee Member
3. Ms. Nita Treeweeranuwat	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 2019 and 2020 are as follows.

Name of Director	Attendance / Total Number of Meetings	
	2019	2020
1. Mr. Chung Sik Hong	6/6	5/5
2. Mr. Prasert Treeveeranuwat	6/6	5/5
3. Ms. Nita Treeweeranuwat	6/6	5/5
4. Mr. Somchai Kanbuakeaw	6/6	5/5
5. Mrs. Thitima Tanapakit	6/6	5/5
6. Ms. Phornthiphat Khantheevit	6/6	5/5

## 6. Executives

As at 31 December 2020, the Company has 6 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 <sup>1</sup>
1. Mr. Chung Sik Hong	Chief Executive Officer
	Shop Division Manager
2. Mr. Yeong Cheol Choi	Chief Operating Officer
	Engineering and Procurement Division Manager (Acting)
3. Ms. Phornthiphat Khantheevit	Chief Financial Officer
4. Mrs. Wimol Wehanarat	Support Division Manager
5. Mr. Wang Youp Jhee	Construction Division Manager
6. Ms. Maliwan Sriwasasom	Accounting Department Manager

**Remark :** <sup>1</sup> 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.

## 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 safe keep 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 2020 Annual General Meeting held on 14 May 2020 passed a resolution in determining director compensation not over Million 2,000,000 Baht with the following details.

Committee	Year 2020 Monthly Remuneration / person	Year 2020 Meeting Allowance per time / person
Chairman of the Board of Directors	35,000	-
Chairman of the Audit Committee	30,000	-
Independent	25,000	-
Chairman of the Nomination and Remuneration Committee	-	12,500
Director	-	12,000
Nomination and Remuneration Committee Member	-	-

Compensation for directors in 2019 and 2020 are as follows.

Unit: THB

Name of Director	2019				2020				
	Board of Directors	Audit Committee	Nomina- tion and Remu- neration Committee	Total	Board of Directors	Audit Committee	Nomina- tion and Remu- neration Committee	Monthly compen- sation	Total
1. Mr. Narongrit Tavorntvisitporn	105,000	60,000	20,000	185,000	-	-	-	420,000	420,000
2. Mr. Suthi Thum-Umnauysuk	72,000	50,000	10,000	132,000	-	-	-	-	-
3. Mr. Yingyong Techarungnirun	84,000	60,000		144,000	-	-	-	300,000	300,000
4. Mr. Chung Sik Hong	48,000	-	-	48,000	60,000	-	-	-	60,000
5. Mr. Yeong Cheol Choi	-	-	-	-	48,000	-	-	-	48,000
6. Mr. Prasert Treeveeranuwat	84,000	-	-	84,000	60,000	-	-	-	60,000
7. Ms. Nita Treeweeranuwat	84,000	-	-	84,000	60,000	-	-	-	60,000
8. Mr. Somchai Kanbuakeaw	84,000	-	25,000	109,000	60,000	-	25,000	-	85,000
9. Ms. Kanchana Rimpanichayakij	72,000	-	-	72,000	60,000	-	-	-	60,000
10. Mr. Charoenchai Amnatsomboonsuk	36,000	-	-	36,000	-	-	-	-	-
11. Mr. Natie Tabmanie	-	-	-	-	-	-	-	360,000	360,000

**Remark :** Director remuneration for each year is subject to change, depending on the resolution of the Annual General Meeting.

#### B. Compensation for the Executive Committee

- None -

#### C. Compensation for Executives

Compensation for 7 management of the Company, such salary and other benefits for 2019 and 2020 were totaling of THB 19.51 million and THB 15.69 million, respectively.

#### 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 2019 and 31 December 2020 are 360 persons and 312 persons, respectively, with the following details.

Department	Head Count (Person)							
	As at 31 December 2019				As at 31 December 2020			
	Thai	Korean	Philippines	Total	Thai	Korean	Philippines	Total
Company Secretary	1	-	-	1	1	-	-	1
Information Technology Department	2	-	-	2	3	-	-	3
Marketing Department	-	1	-	1	-	-	-	-
Construction Division	306	11	2	319	254	13	3	270
Accounting / Finance Department	5	-	-	5	5	-	-	5
Procurement Department	5	-	-	5	5	-	-	5
Planning Department	2	-	-	2	-	-	-	-
Cost CTL Team	-	2	-	2	2	2	-	4
Store and Warehouse Team	2	-	-	2	1	-	-	1
HR and Admin Department	7	-	-	7	9	-	-	9
Engineering Department	10	4	-	14	10	4	-	14
<b>Total</b>	<b>340</b>	<b>18</b>	<b>2</b>	<b>360</b>	<b>290</b>	<b>19</b>	<b>3</b>	<b>312</b>

### 9.2 Employee Compensation

Compensation paid to employees (excluding Executives) in 2019 and 2020 amounted to 161.59 million and THB 198.90 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 2020, 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 2020, 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)
4. Mr. Wang Youp Jhee	Director (representative from CAZ Public Company Limited)

#### Authorized Director

The authorized director to sign on behalf of the Company is Ms. Maliwan Sriwasasom, signed together with Mr. Jeong Kyu Choi or Mr. Wang Youp Jhee and affixed Company seal.



## 10.2 Number of Employees

The total number of employees of the Company as at 31 December 2019 and 31 December 2020 are 62 persons and 71 persons, respectively, with the following details.

Head Count (Person)

Department	As at 31 December 2019			As at 31 December 2020		
	Thai	Korean	Total	Thai	Korean	Total
Chief Executive Officer	-	1	1	-	1	1
HR and General Admin Department	10	-	10	6	-	6
Accounting / Finance Department	2	-	2	2	-	2
PMT Department	4	-	4	4	1	5
Construction Department	45	-	45	57	-	57
<b>Total</b>	<b>61</b>	<b>1</b>	<b>62</b>	<b>69</b>	<b>2</b>	<b>71</b>

## 10.3 Compensation for employees

Total remuneration for employees of the Company (Excluding executives) in 2019 and 2020 in the amount of THB 24.65 million and THB 33.62 million respectively, which are compensation in the form of salaries, bonuses, social security, employee benefits other compensation paid to the Incentive, which is paid from the cost of saving compared to the estimated cost of the project under the Company's policy.

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

No.	Name-Surname / Position	Age (years)	Education / Training	Proportion of shares holding in the company (%) as of 18 Mar 2021	Family relations between Directors and Executives	Experience		
						Period	Position	Division / Company
1.	Mr. Narongrit Tavorntvisitporn - Chairman of the Board of Directors - Audit Committee Member - Independent Director - Nomination and Remuneration Committee Member	69	<ul style="list-style-type: none"> <li>- Bachelor's Degree from the Faculty of Engineering in Electrical Engineering (2nd class honors), Chulalongkorn University</li> <li>- Executive Master of Business Administration (MBA), Thammasat University</li> <li>- Post Graduate Diploma in Electrical Power Generation and Distribution System, The Norwegian Institute of Technology, University of Trondheim, Norway</li> <li>- General Member of the Council of Engineers in Electrical Engineering (Sor.For.Gor. 1489)</li> <li>- Director Certification Program (DCP) Batch of 166/2012</li> <li>- National Director Conference 2019</li> </ul>	-None-	-	2018 – Present	<ul style="list-style-type: none"> <li>-Independent Director</li> <li>-Chairman of the Board of Directors</li> <li>-Chairman of the Audit Committee</li> </ul>	<ul style="list-style-type: none"> <li>- STC Concrete Product Public Company Limited</li> </ul>
						2018 – Present	<ul style="list-style-type: none"> <li>-Independent Director</li> <li>-Chairman of the Board of Directors</li> <li>-Audit Committee Member</li> </ul>	<ul style="list-style-type: none"> <li>- Successmore Being Public Company Limited</li> </ul>
						2017 – Present	<ul style="list-style-type: none"> <li>-Independent Director</li> </ul>	<ul style="list-style-type: none"> <li>- CAZ (Thailand) Public Company Limited</li> </ul>

No.	Name-Surname / Position	Age (years)	Education / Training	Proportion of shares holding in the company (%) as of 18 Mar 2021	Family relations between Directors and Executives	Experience		
						Period	Position	Division / Company
						2016 – Present	<ul style="list-style-type: none"> <li>- Chairman of the Board of Directors</li> <li>- Audit Committee Member</li> <li>- Nomination and Remuneration Committee Member</li> <li>- Independent Director</li> <li>- Chairman of the Audit Committee</li> <li>- Chairman of Nomination and Remuneration Committee</li> </ul>	- Dacon Inspection Services Company Limited

No.	Name-Surname / Position	Age (years)	Education / Training	Proportion of shares holding in the company (%) as of 18 Mar 2021	Family relations between Directors and Executives	Experience		
						Period	Position	Division / Company
						1984 - 2012	- Assistant Managing Director	- Thai Oil Public Company Limited
2.	Mr. Natie Tabmanie - Chairman of the Audit Committee - Independent Director - Nomination and Remuneration Committee Member	62	- BBA and MBA International Business, Schiller International University, London, England  - MSc in Economics, University of Strathclyde, Glasgow, Scotland - Governing Executive, Higher Level, Ministry of Interior Batch of 55  - National Defense College, Batch of 54 - Training Course preparing Thai government officials to the ASEAN Community for executive positions budget of the year 2012 in Singapore  - Inspector General in Ministry level	-None-	-	2019 - Present          2013 - 2019          2007 - 2013	- Chairman of the Audit Committee  - Independent Director  - Nomination and Remuneration Committee Member  - Chief Inspector General, Ministry of Energy - Deputy Director of the Energy Policy Office  Director, office of petroleum and	- CAZ (Thailand) Public Company Limited          - Ministry of Energy       - Ministry of Energy



No.	Name-Surname / Position	Age (years)	Education / Training	Proportion of shares holding in the company (%) as of 18 Mar 2021	Family relations between Directors and Executives	Experience		
						Period	Position	Division / Company
			<ul style="list-style-type: none"> <li>- Ethics, Governance and Anti corruption, Korean Development Institution School (KDI) School of Public Policy</li> <li>- Training Course on Security Management Professional in an Advanced level , Batch of 6</li> <li>- Leadership Development Program III (LDP III) Batch of 2/2015</li> <li>- Strategic Administrator for the Prevention and Suppression of Corruption, Higher Level Batch of 7</li> <li>- Course Top Management in Industrial Business Development and Investment Batch of 6, Institute of Business and Industrial Development</li> </ul>			2009 - 2011	petrochemical policy, energy policy and planning division ministry of energy  - Specialist in energy strategy planning  - Director of the office of policy and strategy, office of the permanent secretary  - Deputy Director of Energy Policy and Planning Office, Ministry of Energy	- Ministry of Energy



No.	Name-Surname / Position	Age (years)	Education / Training	Proportion of shares holding in the company (%) as of 18 Mar 2021	Family relations between Directors and Executives	Experience		
						Period	Position	Division / Company
4.	Mr. Chung Sik Hong - Director (Authorized Director) - Chairman of the Executive Committee - Chief Executive Officer - Chairman of the Risk Management Committee	62	- Bachelor's Degree from the Faculty of Engineering in Mechanical Engineering, Ajou University, Korea - Director Accreditation Program (DAP) Batch of 146/2018	11.22%	-	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	- SK Engineering & Construction

No.	Name-Surname / Position	Age (years)	Education / Training	Proportion of shares holding in the company (%) as of 18 Mar 2021	Family relations between Directors and Executives	Experience		
						Period	Position	Division / Company
						1984 - 1987	- Project Manager - Piping Engineer	- Hyundai Engineering
5.	Mr. Prasert Treeveeranuwat - Director - Executive Committee Member - Risk Management Committee Member	60	- High School Diploma from Bodindecha (Sing Singhaseni) School - Director Accreditation Program (DAP) Batch of 103/2013	0.92%	He is the husband of Ms. Kanchana Rimpanichayakij and the father of Ms. Nita Treeveeranuwat	2016 - Present	- Director - Executive Committee Member - Risk Management Committee Member	- CAZ (Thailand) Public Company Limited
						2007 - Present	- Director - Chairman of Executive Committee - Chairman of Risk Management Committee - Chairman of Anti-Corruption Committee - Chairman of the Executive Committee / Chief Executive Officer	- Takuni Group PLC.

No.	Name-Surname / Position	Age (years)	Education / Training	Proportion of shares holding in the company (%) as of 18 Mar 2021	Family relations between Directors and Executives	Experience		
						Period	Position	Division / Company
						2002 - 2018	- Managing Director	- Takuni (Thailand) Company Limited
6.	Ms. Nita Treeveeranuwat - Director (Authorized Director) - Executive Committee Member	34	- 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 of 100/2013 - Director Certification Program (DCP) Batch of 208/2015 - Company Secretary Program (CSP) Batch of 53/2015	1.09%	She is the daughter of Mr. Prasert Treeveeranuwat and Ms. Kanchana Rimpanichayakij	2015 - Present  2011 - Present	- Director - Executive Committee Member  - Director - Executive Committee Member - Deputy Managing Director of General Administration - Acting Deputy Managing Director of Human Resources	- CAZ (Thailand) Public Company Limited  - Takuni Group Public Company Limited
						2014 - Present	- Director/ Executive Officer (Acting)	- Takuni (Thailand) Company Limited
						2017 - Present	- Director/Chief Executive Officer	- Takuni Land Company Limited



No.	Name-Surname / Position	Age (years)	Education / Training	Proportion of shares holding in the company (%) as of 18 Mar 2021	Family relations between Directors and Executives	Experience		
						Period	Position	Division / Company
						2019 -Present	-Director -Chief Executive Officer	- Takuni Trading Company Limited
						2019- Present	-Director	- Sermasch Company Limited
						2019 - Present	-Director	- Sorb Engineering Company Limited
						2019 -Present	-Director	- Exact Real Estate Company Limited
7.	Mr. Somchai Kanbuakaew - Director (Authorized Director) - Executive Committee Member - Risk Management Committee Member	72	- 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	0.00	-	2015 - Present	-Director - Executive Committee Member - Risk Management Committee Member	- CAZ (Thailand) Public Company Limited

No.	Name-Surname / Position	Age (years)	Education / Training	Proportion of shares holding in the company (%) as of 18 Mar 2021	Family relations between Directors and Executives	Experience		
						Period	Position	Division / Company
	- Chairman of the Nomination and Remuneration Committee		- Director Accreditation Program (DAP) Batch of 129/2016				- Chairman of the Nomination and Remuneration Committee	
						2016 - Oct. 2020	- Director	- Takuni Group Public Company Limited
						2016 - Present	- Executive Committee Member	
						2015 - Present	- Director	- Takuni (Thailand) Company Limited
						2015 - Present	- Director	- G Gas Logistics Company Limited
						2015 - Present	- Director	- Ratchapruengk Engineering Company Limited
						2018 - Present	- Director	- Takuni Land Company Limited

No.	Name-Surname / Position	Age (years)	Education / Training	Proportion of shares holding in the company (%) as of 18 Mar 2021	Family relations between Directors and Executives	Experience		
						Period	Position	Division / Company
						2019 - Present	- Director	- Exact Real Estate Company Limited
8.	Ms. Kanchana Rimpanichayakij - Director	62	- Bachelor's Degree in Business Administration, Assumption University - Director Accreditation Program (DAP) Batch of 103/2013	0.00	She is the wife of Mr. Prasert Treeveeranuwat and is the mother of Ms. Nita Treeweer-anuwat	2018 - Present  2012 - Present  1995 - 2015	- Director  - Director  - Director	- CAZ (Thailand) Public Company Limited - Takuni Group Public Company Limited - Ratchapruek Engineering Company Limited
9.	Mr. Yeong Cheol Choi - Chief Operating Officer - Engineering and Procurement Division Manager (Acting)	57	- Bachelor's Degree from the Faculty of Engineering, Chung-Ang University - Director Accreditation Program (DAP) Batch of 146/2018	4.88%	-	2014 - Present    Feb. 2020 - Present	- Chief Operating Officer  - Engineering and Procurement Division Manager - Director	- CAZ (Thailand) Public Company Limited

No.	Name-Surname / Position	Age (years)	Education / Training	Proportion of shares holding in the company (%) as of 18 Mar 2021	Family relations between Directors and Executives	Experience		
						Period	Position	Division / Company
						2004 – 2014	-Senior Vice President	- Thai Woo Ree Engineering Company Limited
10.	Ms. Phornthiphat Khantheevit - Chief Financial Officer - Executive Committee Member	47	- 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, USA	-None-	-	2017 - Present  2014 - 2016  1997 - 2011	- Chief Financial Officer  - Tax and Accounting Advisor  - Account and Finance Manager	- CAZ (Thailand) Public Company Limited - Won Solutions Company Limited - Internet Thailand Public Company Limited
11.	Mrs. Thitima Tanapakit - Executive Committee Member	41	- Bachelor's Degree from the Faculty of Commerce and Accountancy, Thammasat University - Master of Business Administration (MBA), Thammasat University - Strategic CFO Course Batch of 4	0.00	-	2015 - Present  2013 - Present  2006 - 2010	- Executive Committee Member  - Chief Financial Officer  - Auditor	- CAZ (Thailand) Public Company Limited - Takuni Group Public Company Limited - Pricewaterhouse Cooper ABAS

No.	Name-Surname / Position	Age (years)	Education / Training	Proportion of shares holding in the company (%) as of 18 Mar 2021	Family relations between Directors and Executives	Experience		
						Period	Position	Division / Company
12.	Mrs. Wimal Wehanarat - Support Division Manager	49	- Bachelor's Degree in Accounting, Rambhai Barni Rajabhat University - Master's Degree from the Graduate School of Commerce in Managerial Accounting, Burapha University	-None-	-	April 2561 - Present  2004 - 2018	- Support Division Manager  - Accounting Department Manager	- CAZ (Thailand) Public Company Limited  - Thai Woo Ree Engineering Company Limited
13.	Mr. Wang Youp Jhee - Construction Division Manager	49	- Bachelor's Degree from the Faculty of Engineering in Civil Engineering, Sungkyunkwan University, Korea	3.45	-	2014 - Present  2005 - 2014	- Construction Division Manager  - Project Manager	- CAZ (Thailand) Public Company Limited  - Thai Woo Ree Engineering Company Limited
14.	Ms. Maliwan Sriwasasom - Accounting Department Manager	41	- Bachelor's Degree from the Faculty of Management and Tourism in Accounting, Burapha University	-None-	-	2014 - Present  2017 - Present	- Accounting Department Manager  - Director	- CAZ (Thailand) Public Company Limited  - JKEC Company Limited



No.	Name-Surname / Position	Age (years)	Education / Training	Proportion of shares holding in the company (%) as of 18 Mar 2021	Family relations between Directors and Executives	Experience		
						Period	Position	Division / Company
						2001 - 2012	- (Authorized Director) - Accounting Officer	- Thai Woo Ree Engineering Company Limited
15.	Ms. Nattiya Charusombat - Company Secretary - Planning Officer	38	- Bachelor's Degree from the School of Business Administration in Industrial Management, Sripatum University - Company Secretary Program (CSP) Batch of 88 / 2018	0.00	-	2015 - Present  2011 - 2015	- Company Secretary - Planning Officer - Planning Officer	- CAZ (Thailand) Public Company Limited  - Thai Woo Ree Engineering Company Limited

# 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. It could be divided into the following 5 sections.

### 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

### 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 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

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. Moreover, 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.

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**

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 both Thai and English version.

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.

In addition, the Company disclose the remuneration for individual directors, the executives who performed their duties in the past year. The number of times attended and other information such as details of directors Management and training history. As well as disclosing information on securities holding of directors and executives within 3 business days from the date of purchase, sale, transfer or acceptance of transfer of securities by the Company's secretary.

Also the part of 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](http://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](mailto:info@caz.co.th)

## Section 5 Responsibilities of the Board of Directors

As at 31 December 2020, 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.

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. The responsibilities of the Board of Directors are following;

### 1. 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.

### 2. 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.

### 3. 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).

#### 4. 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.

#### 5. 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 7 Board of Directors' Meetings in 2019 and 5 Board of Directors' Meetings in 2020.

#### 6. 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, oversaw 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.

## 7. 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. And has details of various committees are included in the Annual Registration Statement (Form 56-1).

## 8. Supervision on operations of the Subsidiary company.

The Company has a policy in the investment that can give advantages to the Company and increased the competitiveness. For investment in a subsidiary company, the Company must have the power to control and determine the policy for management. Moreover, the appointment of director to be the representative in such a subsidiary company must be pursuant to shareholding proportion of the Company.

## 9. Audit fees

In 2020, the company had audit fees for KPMG Phoomchai Audit Limited. in the amount of THB 3.20 million and non-audit fee of THB 0.04 million.

## 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

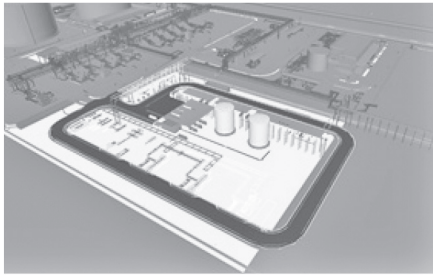
The Company places emphasis on care of the environment by strictly monitoring compliance to laws in relation to the environment, especially in the process of manufacturing and fabrication, the Company altered its operating process to minimize the impact to the environment. For instance, the polish and 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. Operations and reports

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 operating in air-tight environments



### 2.3 Basic fire fighting training



### 2.4 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

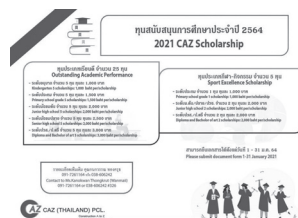


### 3. CSR Activities Contributing to the Society and Environment

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, health and community development with details as follows.

#### 3.1 Education

- The Company has supported education by providing scholarships to children of employees with academic performance and good behavior for the year 2020.



#### 3.2 Religion

- The Company has supported religious budget at Wat Nong Fab, Takhinarama, Muang Rayong District, Rayong Province, in the collaboration with PTT Group.





### 3.3 Environment and Health

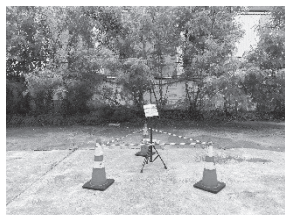
- The Company arranges the annual fire drills and evacuation drills. In order to prevent and control it from affecting to the community.



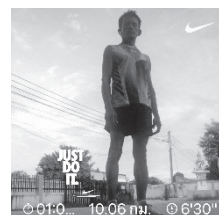
- Check the quality of the water that is discharged from the factory to comply with standards as required by law.



- Inspect the working environment in the factory area (light, sound, heat)



- The Company participated in the 2020 activity with the Stock Exchange of Thailand (maiA), the Virtual Run project, a charity run, raised 2,000,000 baht, CAZ has provided 30,000 baht for support.





### 3.4 Community Development

- The Company has swept the streets to clean and reduce dust pollution from projects that the company has operated construction.



### 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 effective internal control systems which can support the Company to achieve its 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. 2/2021 held on 23 February 2021, 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 36.64% of paid-up capital through Takuni (Thailand) Company Limited.
Takuni (Thailand) Company Limited (TT)	TT is TAKUNI's subsidiary and major shareholder of the Company, holding 36.64% of paid-up capital.
G Gas Logistics Company Limited (GG)	GG is TAKUNI's subsidiary (TAKUNI being major shareholder of the Company).
Ratchapruek Engineering Company Limited (RE)	RE is TAKUNI's subsidiary (TAKUNI being major shareholder of the Company).
Mr. Chung Sik Hong	Director, executive committee, executive, and major shareholder of the Company, holding 11.22% of paid-up capital.
Mr. Yeong Cheol Choi	Executive and shareholder of the company, holding 4.88% of paid-up capital.
Mr. Wang Youp Jhee	Executive and shareholder of the company, holding 3.45% 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 Dec 2019 (THB)	Transaction Value for the 12-month Period Ended 31 Dec 2020 (THB)	Necessity and Rationale	Opinion of the Audit Committee
1. Takuni Group Public Company Limited (TAKUNI)	<u>Service Income</u> <ul style="list-style-type: none"> <li>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"> <li>- Service income</li> <li>- Electric income</li> </ul> </li> </ul> <u>Outstanding Balance</u> <ul style="list-style-type: none"> <li>- Account Receivable</li> <li>- Retention amount</li> <li>- Service income received in advance</li> <li>- Unbilled receivables</li> </ul> <u>Payable balance</u> <ul style="list-style-type: none"> <li>- Account Payable</li> </ul>	190,988,004 1,228,921  10,920,420 -none- -none- 17,643,945  1,263,985	 12,974,054 265,922  -none- -none- -none- -none-  -none-	<ul style="list-style-type: none"> <li>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 206.55 million for a duration of 18 months. (Sep 2017 - Mar 2020).</li> </ul>	<ul style="list-style-type: none"> <li>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.</li> </ul>



Natural Persons / Juristic Persons who may have Conflicts of Interest	Nature of Related Party Transaction	Transaction Value for the 12-month Period Ended 31 Dec 2019 (THB)	Transaction Value for the 12-month Period Ended 31 Dec 2020 (THB)	Necessity and Rationale	Opinion of the Audit Committee
2. Takuni (Thailand) Company Limited (TT)	<u>Loan from Related Party</u> <ul style="list-style-type: none"> <li>The Company took out loans from its parent company to serve as working capital in business operations.</li> <li>Beginning amount</li> <li>Additional drawdown in the period</li> <li>Repayment in the period</li> <li>Ending amount</li> <li>Interest payments (interest rate of MLR of 2 commercial banks with an average rate of 6.10% (2019) and 5.61% (2020)).</li> </ul>	-none- 157,500,000 (157,500,000) -none- 962,192	-none- 279,000,000 (279,000,000) - none- 5,658,016	<ul style="list-style-type: none"> <li>For 12 months of 2019, the Company loan with TT of THB 157.50 million. And repayment all total amount during period.</li> <li>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.</li> </ul>	<ul style="list-style-type: none"> <li>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.</li> <li>Acknowledged no outstanding loans from related party</li> </ul>
3. G Gas Logistics Company Limited (GG)	<u>Service Expense</u> <ul style="list-style-type: none"> <li>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.</li> </ul>			<ul style="list-style-type: none"> <li>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</li> </ul>	<ul style="list-style-type: none"> <li>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.</li> </ul>

Natural Persons / Juristic Persons who may have Conflicts of Interest	Nature of Related Party Transaction	Transaction Value for the 12-month Period Ended 31 Dec 2019 (THB)	Transaction Value for the 12-month Period Ended 31 Dec 2020 (THB)	Necessity and Rationale	Opinion of the Audit Committee
	<ul style="list-style-type: none"> <li>- Service expense</li> <li>• Outstanding Amount</li> <li>- Trade payables</li> </ul>	3,910,381  1,645,878	3,834,899  2,026,418	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.	
4. Ratchapruet Engineering Company Limited (RE)	<u>Service Expense</u> <ul style="list-style-type: none"> <li>• 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.</li> <li>- Service expense</li> </ul> <u>Outstanding Amount</u> <ul style="list-style-type: none"> <li>- Trade payables</li> <li>- Accrued expense</li> </ul>	22,301,463  5,380,109 4,713,583	17,135,585  13,203,665 7,756,981	<ul style="list-style-type: none"> <li>• 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.</li> <li>• 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</li> </ul>	<ul style="list-style-type: none"> <li>• 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.</li> <li>• 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.</li> </ul>

Natural Persons / Juristic Persons who may have Conflicts of Interest	Nature of Related Party Transaction	Transaction Value for the 12-month Period Ended 31 Dec 2019 (THB)	Transaction Value for the 12-month Period Ended 31 Dec 2020 (THB)	Necessity and Rationale	Opinion of the Audit Committee
	<u>Office Lease and Utility Income</u> 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"> <li>- Office lease income</li> <li>- Utility income</li> <li>• Outstanding Amount</li> <li>- Trade receivables</li> </ul>	144,000 140,689 74,409	144,000 79,181 43,027	square meter per month, equal to the independently-appraised rate (THB 59 per square meter) with utility charges as actually incurred.	

## 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 Dec 2019 (THB)	Transaction Value for the 12-month Period Ended 31 Dec 2020 (THB)	Collateral	Guarantor
1. Siam Commercial Bank	<u>Guarantee</u> <ul style="list-style-type: none"> <li>Letter of Guarantee</li> <li>- Drawdown Amount</li> <li>- Promissory Note</li> <li>Loan Amount</li> <li>- Drawdown Amount</li> <li>Overdraft</li> <li>- Drawdown Amount</li> </ul>	607,000,000 467,665,416 50,000,000 250,000,000 116,220,000 5,000,000 -non-	1,036,600,000 464,097,144 409,103,580 250,000,000 115,900,000 5,000,000 -non-	<ul style="list-style-type: none"> <li>Land and buildings title deed numbers 111802, 111803, 111804, certificate of utilization (Nor Sor 3) located at 239 Huay-pong Sub-district, Muang Rayong owned by CAZ (Thailand) Public Company Limited, mortgaged as collateral</li> </ul>	<ul style="list-style-type: none"> <li>Takuni Group Public Company Limited ("TAKUNI")</li> <li>Mr.Chung Sik Hong</li> </ul> (Bank is in the process of releasing TAKUNI from being a guarantor.)
2. TMB Bank	<u>Guarantee</u> <ul style="list-style-type: none"> <li>Letter of Guarantee</li> <li>- Drawdown Amount</li> <li>Over Draft</li> <li>- Drawdown Amount</li> </ul>	200,000,000 -non- 10,000,000 9,606,603	200,000,000 214,225,000 10,000,000 -non-	<ul style="list-style-type: none"> <li>For the 12-month period ended 31 December 2019, has no Takuni Group Public Company Limited used as collateral.</li> </ul>	<ul style="list-style-type: none"> <li>Takuni (Thailand) Company Limited ("TT")</li> <li>Mr.Chung Sik Hong</li> <li>Mr.Yeong Cheol Choi</li> <li>Mr.Wang Youp Jhee</li> </ul> (The bank released Takuni (Thailand) Company Limited from the list of guarantors since 2018.)

Bank	Nature of Related Party Transaction	Transaction Value for the 12-month Period Ended 31 Dec 2019 (THB)	Transaction Value for the 12-month Period Ended 31 Dec 2020 (THB)	Collateral	Guarantor
3. Kasikornbank	<u>Guarantee</u> <ul style="list-style-type: none"> <li>Letter of Guarantee</li> <li>- Drawdown Amount</li> </ul> <ul style="list-style-type: none"> <li>Overdraft</li> <li>- Drawdown Amount</li> </ul>	400,000,000 395,757,945  10,000,000 6,614,344	400,000,000 400,000,000  10,000,000 - none-	<ul style="list-style-type: none"> <li>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.</li> <li>On 2020, the Company filing mortgage with bank by using land, buildings and factories as assets collateral in the amount of 79 rai 47 square wa, Pluak Daeng District, Rayong Province. (Process completed in February, 2021).</li> </ul>	<ul style="list-style-type: none"> <li>Takuni Group Public Company Limited ("TAKUNI")</li> <li>Takuni (Thailand) Company Limited ("TT")</li> <li>G Gas Logistics Company Limited ("GG")</li> <li>Ratchapruet Engineering Company Limited ("RE")</li> <li>Mr.Chung Sik Hong</li> </ul> (As of February 2021m, Bank is in the process of releasing TAKUNI, TT, GG, and Re from being a guarantor.)



Bank	Nature of Related Party Transaction	Transaction Value for the 12-month Period Ended 31 Dec 2019 (THB)	Transaction Value for the 12-month Period Ended 31 Dec 2020 (THB)	Collateral	Guarantor
				(The company brought 79 rai, 47 square meters of land, buildings and factories, Pluak Daeng District, Rayong Province which purchase during the year 2019, by using the proceeds from IPO of 100 million baht to replace assets collateral on behalf of TT. As at February 2020, the bank is in the process.)	(As at February 2020, the bank is in the process of releasing TAKUNI, TT, GG, and RE from being guarantor.)
4. Kasikornbank	<u>Guarantee</u> <ul style="list-style-type: none"> <li>Letter of Guarantee</li> <li>- Drawdown Amount</li> </ul> <u>Factoring</u> <ul style="list-style-type: none"> <li>Loan Amount</li> <li>- Drawdown Amount</li> </ul>	160,000,000 - none- 100,000,000 32,247,285	160,000,000 117,972,068 100,000,000 - none-	<ul style="list-style-type: none"> <li>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</li> </ul> (The company brought 79 rai, 47 square meters of land, buildings and factories, Pluak Daeng District, Rayong Province which purchase during the year 2019,	<ul style="list-style-type: none"> <li>Takuni Group Public Company Limited ("TAKUNI")</li> <li>Takuni (Thailand) Company Limited ("TT")</li> <li>Ratchapruet Engineering Company Limited ("RE")</li> <li>Mr.Chung Sik Hong</li> </ul> (As at February 2020, the bank is in the process of releasing to relieve TAKUNI, TT, and RE from being guarantor.)

Bank	Nature of Related Party Transaction	Transaction Value for the 12-month Period Ended 31 Dec 2019 (THB)	Transaction Value for the 12-month Period Ended 31 Dec 2020 (THB)	Collateral	Guarantor
5. Kasikornbank	<u>Guarantee</u> <ul style="list-style-type: none"> <li>Letter of Guarantee</li> <li>- Drawdown Amount</li> </ul>	59,342,000 7,417,750	23,698,800 2,369,880	<p>by using the proceeds from IPO of 100 million baht to replace assets collateral on behalf of TT. As at February 2020, the bank is in the process.)</p> <ul style="list-style-type: none"> <li>For the 12-month period ended 31 December 2019, a fixed deposit account valued THB 20,789,750 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 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)</li> </ul>	<ul style="list-style-type: none"> <li>Takuni Group Public Company Limited ("TAKUNI")</li> <li>Mr. Chung Sik Hong</li> </ul> <p>(As at February 2020, the bank is in the process of releasing relieve TAKUNI and TT from being guarantor.)</p>

Bank	Nature of Related Party Transaction	Transaction Value for the 12-month Period Ended 31 Dec 2019 (THB)	Transaction Value for the 12-month Period Ended 31 Dec 2020 (THB)	Collateral	Guarantor
				<ul style="list-style-type: none"> <li>For the 12-month period ended 31 December 2020, a fixed deposit account valued THB 2,369,880 as collateral for bank guarantee overseas contract amount of 118,494,000 THB for HMC PP4 Plant Project.</li> </ul>	
7. Bangkok Bank	<u>Guarantee</u> <ul style="list-style-type: none"> <li>- Loan Amount</li> <li>- Drawdown Amount</li> </ul>	20,000,000 9,920,000	20,000,000 7,040,000	<ul style="list-style-type: none"> <li>Project finance guaranteed by Thai Credit Guarantee Corporation</li> </ul>	

# Management Discussion and Analysis: MD&A

## 1. Overview of the Company's Business Operations

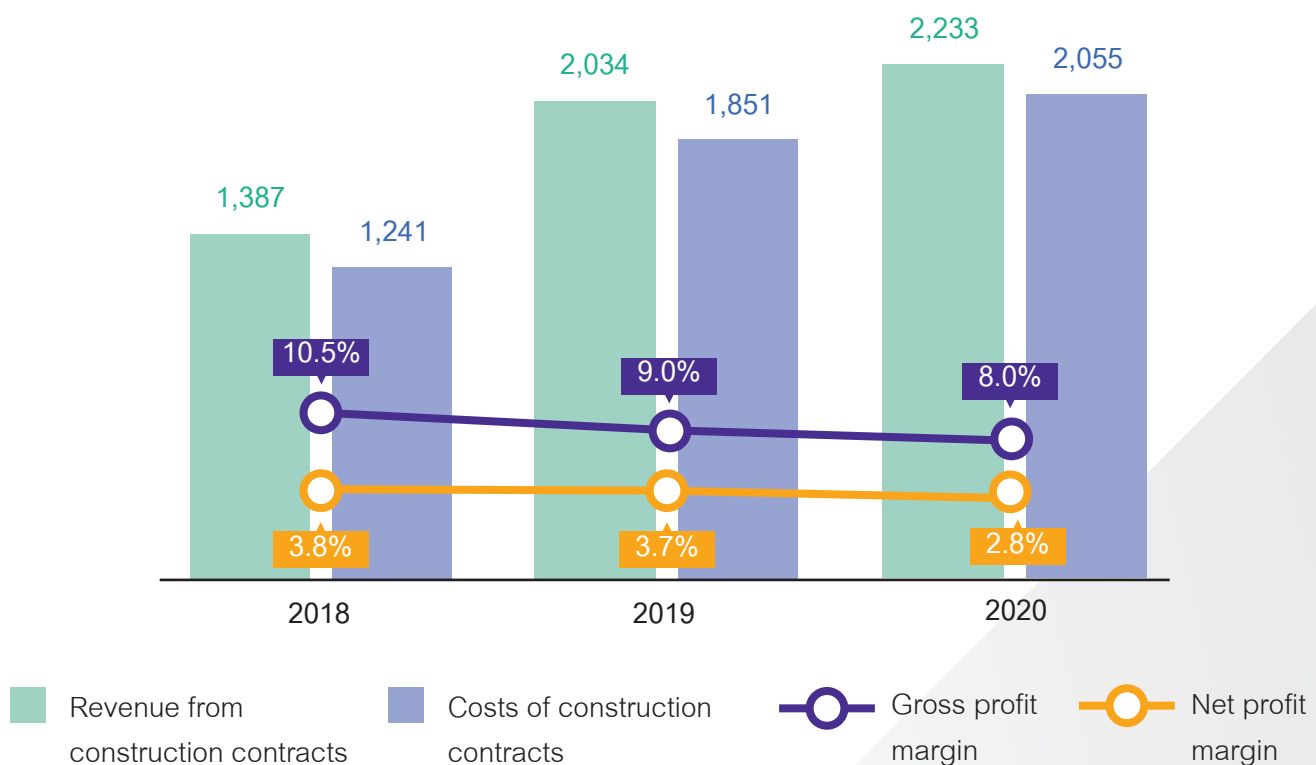
In 2020, regarding, the coronavirus (COVID-19) has been spreads to global epidemic, including Thailand, which the outbreak has started since January 2020. It leads the government has launched many preventive measures to prevent the outbreak of COVID-19. The Company has strictly adhered to government preventive measures. Especially, curfew during period of Quarter 2/2020, and up to present for social distancing campaign. However, due to the government's prevent of COVID-19 outbreak measures, it has been affected to the Company's 2020 operations which was started from Q2/2020's operating results and still continuing up to present. Main reasons were the postponed to start work of new projects which signed during the beginning of this year. Including, signing new contracts and award schedule was delayed. It affected to the Company's operating performance of 2020 as following;

## 2. Analysis of Operating Performance and Profitability

The Company's operating performance for the year ended 31 December 2018 to 31 December 2020 is as follows.

Summary of Key Operating Performance Figures in 2018-2020

Unit: Million Baht

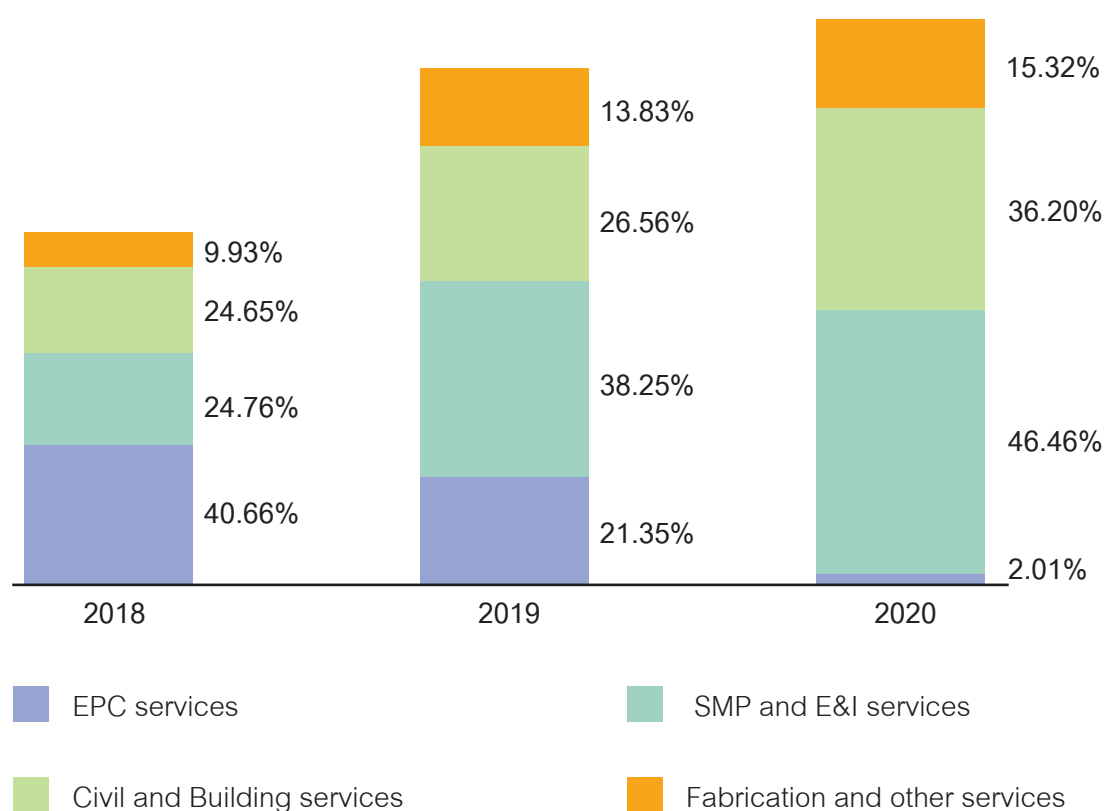


## Revenues from Construction Service

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. 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 2018-2020





The Company has revenue from construction services in 2019 - 2020 in the amount of Baht 2,034.46 Million and Baht 2,233.06 Million, respectively, or increased 46.67% in 2019, and increased 9.76% in 2020.

In 2019, the Company has revenue from construction services in the amount of Baht 2,034.46 Million, increased of Baht 647.37 Million, or 46.67%, compared with previous year. Revenue derives from the transfer of right control of the construction work of the project backlog, which has continue recognized since the employment since 2017. Together with the construction contract that was signed during 2019, such revenue from PTTGC Olefins Reconfiguration SMP (package No. 2,3,4,5), PTT GC Propylene Oxide Civil work project and BCP Enclosed Ground Flare (EGF) Installation project.

In 2020, the Company has revenue from construction services in the amount of Baht 2,233.06 Million, increased of Baht 198.60 Million, or 9.76%, compared with previous year. Resulted from transferred right of control on the construction projects backlog both revenue from constuction of EPC service and revenue from construction contracts which are defined output by using the percentage of completion method. During 2020, the Company has important projects that have signed contracts such as Clean Fuel Project and LNG Receiving Terminal Nong Fab.

Regarding, COVID-19 pandemic situation which has been started since January 2020 it affected to the Company's projects operations. And lead to projects that signed during the year were delayed. For example Clean Fuel Project Scope of pipe fabrication work total contract of Baht 378.81 Million that the Company signed on quarter 1/2020. These project starting work later than the Company's plan due to the client's headquarters are located in a European countries where the COVID-19 outbreak is extremely high. Resulted to the engineering design was delays and the Company was slow start-up for construction works. And LNG Receiving Terminal Nong Fab projects total amount of Baht 401 Million and Baht 863 Million could not start on time. Due to the main contractor companies are unable entry to Thailand in accordance with the government's lockdown policy. It lead those construction contracts which signed during quarter 2/2020 could started work later than work scheduled as well. In addition, by the lockdown to prevent the pandemic in many countries where the COVID-19 were still seriously outbreak, the delivery of raw materials and equipment from factories located overseas have delayed as well. From the reasons mentioned above, the Company's operational sales plan must be adjusted during the year to reflect the current COVID-19 pandemic situation.

However, as the COVID-19 pandemic situation has better in third quarter and fourth quarter of 2020, the Company has still also followed measures to prevent the outbreak of COVID-19, such as screening measures for entering the work area of construction worker and social distancing, these causes the construction of many projects operating less than normal circumstances. Resulted to the total revenue of 2020 slightly lower than the sales plan.

#### Valuation of construction projects on hand (Backlog)

Details	Unit: Million Baht	
	2019	2020
Value of projects not yet recognized as revenue (beginning of period)	2,472.34	2,287.39
Value of projects awarded within period	1,849.51	3,762.11
Value project revenue recognition within period	2,034.46	2,233.06
Value of projects not yet recognized as revenue (end of period)	2,287.39	3,816.44

## Other Revenues

Other revenue of the Company consists of revenue from office space rental, income from the sale of scrap metal and other properties such as tools and equipment that are no longer used, etc.

The Company's other revenues in 2019 - 2020 amounted to Baht 6.19 Million and Baht 3.37 Million, respectively, reflecting 0.30% and 0.15% of total revenues, respectively. In 2020, the Company has other revenue decreased of Baht 2.82 Million or 45.51% compared to the previous year.

## 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 Company regularly controls and audits the budget costs (Indicative Target Cost or ITC) in order to be in accordance with the revenue planning in each project. It leads the Company be enable to manage its construction costs at a similar level each year. Because of the Company's executives hold internal monthly meetings to follow-up on the progress of each project's costs and adjust project costs each quarter for updatedness. The adjustment of budget costs may also be conducted each quarter through the ITC should there be increases of decreases of costs such as changes in material prices.

In 2019 - 2020, the Company's cost of construction services amounted to Baht 1,851.87 Million and Baht 2,055.14 Million, respectively, reflecting 91.03% and 92.03% of construction service revenues respectively. In 2020, the cost of construction services increased because of the COVID-19 virus outbreak situation. It lead the Company has to adjusted cost of construction projects to be updated that could be as close to the current cost as possible. The main reasons for cost improvements were due to the social distancing campaing, the limitation of working hours per day, labor replacement costs for labor returning to their hometown. The increased costs such as labor costs, equipment costs, includes hygiene materials used for preventing the spread of virus.

## 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 2019 - 2020 amounted to Baht 78.03 Million and Baht 74.62 Million, respectively, reflecting a 3.84% and 3.34% of construction service revenues.

In 2019, an increase in administrative 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 other costs associated with planning and improving work efficiency for being a listed company such as training and seminar fees, audit fees, director remuneration, internal audit, consulting fees and advertising expenses, including payment expenses for the initial public offering of new shares in January 2019.

In 2020, the Company's administrative expenses totaling of Baht 74.62 Million. Compared with 2019 which was totaling of Baht 78.03 million, decreased of Baht 3.40 Million, or 4.36%. Resulted from, the COVID-19 pandemic which cause 2020's revenue plan reduced. On the other hand, its lead to construction costs increasing from budget as well. By these reasons, the Company tries to control administrative expenses and reduce estimates of key expenses, including employee bonuses to comply with the declining of this year performance.

## 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.

In 2019 – 2020, finance costs amounted to Baht 15.31 Million, and Baht 27.16 Million, or 0.75% and 1.22% of construction revenue in each year, respectively.

In 2019, the Company's finance costs was increased amounted to Baht 2.41 Million, compared with 2018. Resulted from short term loan by overdraft and promissory note from banks in order to us for the Company's working capital.

In 2020, as some construction projects are in the late stages of commissioning phase. Therefore, there are not a large amount of works to be delivered to the customers. Together with the impact of COVID-19 pandemic situation, the projects which signed during the year 2020 were delayed to start work on Q3 - 4/2020. It also caused the amount of work delivered and billable to be small as well. As a result, the Company is required to get financial assistance from financial institutions and a related company. It lead the Comapny has higher financial costs compared to 2019 from short-term borrowing to be used as working capital of the projects on hand.

## Profitability

Gross profit and net profit for 2019-2020 can be summarized as follows.

Profitability	2019		2020	
	Million Baht	%	Million Baht	%
Gross profit	182.59	8.97	177.92	7.97
Net profit attributable to Owner of the parent	75.46	3.70	61.51	2.75

Gross profit in 2019-2020 amounted to Baht 182.59 Million and Baht 177.92 Million, respectively, reflecting gross profit margin of 8.97% and 7.97% of construction service revenues, which considered to be similarly gross profit margin. As executives monitored total project costs in accordance with budget costs, closely reviewed and followed-up on operating results, as well as planned appropriate construction projects and personnel allocation, leading to efficient construction cost management and up to date with the most current changes. In 2020, the gross profit margin decreased compared to the year 2019 due to budget costs improvement in terms of labor costs and material and equipment costs. This includes hygiene materials used for preventing the spread of COVID-19 virus as previously mentioned.

Net profit attributable to owners of parent of the Company for 2019 - 2020 amounted to Baht 75.46 Million and Baht 61.51 Million, respectively, reflecting net profit margin of 3.70% and 2.75% of total revenues. In 2020, net profit margin has declined compared to 2019 due to budget costs adjustment for up to date as much as possible. Together with the increasing financial costs from short-term loans to be used as working capital of current construction projects.

### 3. Analysis of Financial Position

Components of assets 2019 - 2020 are as follows;

Detail	Audited			
	As at 31 Dec 2019		As at 31 Dec 2020	
	Million Baht	%	Million Baht	%
<b>Assets</b>				
<b>Current Assets</b>				
Cash and cash equivalents	31.33	2.11	142.42	8.50
Trade and other receivables	186.08	12.51	204.87	12.23
Contract assets	564.88	37.97	512.28	30.58
Inventories	9.72	0.65	34.54	2.06
Other current assets	13.16	0.88	7.26	0.44
<b>Total Current Assets</b>	<b>805.17</b>	<b>54.13</b>	<b>901.37</b>	<b>53.81</b>
<b>Non-Current Assets</b>				
Restricted bank deposits	32.95	2.21	10.02	0.60
Property, plant, and equipment	527.97	35.49	557.39	33.28
Intangible asset	11.28	0.76	13.22	0.79
Retention receivables	10.57	0.71	54.17	3.23
Withholding tax deducted at source	96.48	6.49	132.81	7.93
Deposits	2.11	0.14	3.41	0.20
Deferred tax assets	1.08	0.07	2.63	0.16
<b>Total Non-Current Assets</b>	<b>682.44</b>	<b>45.87</b>	<b>773.65</b>	<b>46.19</b>
<b>Total Assets</b>	<b>1,487.60</b>	<b>100.00</b>	<b>1,675.02</b>	<b>100.00</b>

## Assets

As at 31 December 2019 and 31 December 2020, the Company's assets amounted to Baht 1,487.60 Million and Baht 1,675.02 Million, respectively. The increasing of assets in 2019 – 2020 have details on changes in the Company's assets can be summarized as follows.

### 1. Cash and Cash Equivalents

As at 31 December 2019 and 31 December 2020, cash and cash equivalents amounted to Baht 31.33 Million and Baht 142.42 million, respectively, reflecting 2.11% and 8.50% of total assets, respectively.

In 2019, the Company's cash and cash equivalents amounted to Baht 31.33 Million. During the year, the Company paid cash to trade payables and long-term loans due from contracts. Including, dividends paid in the amount of Baht 29.61 Million. Moreover, the Company received cash from the public offering of newly issued shares for the first time on 8 - 15 January 2019 in the amount of Baht 292.70 Million (after deducting expenses directly related to the share offering). Then use the proceeds from the capital increase to buy land, property and factory in Pluak Daeng District, Rayong Province, amounted to Baht 100 Million and used as working capital in the amount of Baht 152.70 Million. As well as investing in the purchase of equipment for business operations in the amount of Baht 40 Million. This is according to the objectives of the capital increase shares offering.

In 2020, the Company's cash and cash equivalents amounted to Baht 142.42 Million. Increased by Baht 111.09 Million, due to short-term loans for the Company's working capital.

### 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 of the consolidated financial statement consists of trade account receivables, prepaid expenses, and advance payment to subcontractors. Trade account receivable accounted for the most portion of 89.47% and 93.20% for the year 2019 – 2020, respectively. As of 31 December of each year, the Company has net trade account receivable totalling of Baht 166.48 Million and Baht 190.51 Million, or 11.19% and 11.37, respectively, of total assets.

Regarding to, the increasing in 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	2019		2020	
	Million Baht	%	Million Baht	%
Not yet due				
• Unrelated parties	145.83	87.60	174.47	91.37
• Related parties	10.92	6.56	-	-
Overdue				
Within 3 months				
• Unrelated parties	9.65	5.80	13.74	7.20
• Related parties	-	-	-	-
3 – 6 months				
• Unrelated parties	-	-	2.74	1.44
6 – 12 months	-	-	-	-
Over 12 months	0.08	0.04	-	-
<b>Total Trade Receivables</b>	<b>166.48</b>	<b>100.00</b>	<b>190.51</b>	<b>100.00</b>
Less Allowance for doubtful accounts	-		-	
<b>Trade Receivables - Net</b>	<b>166.48</b>		<b>190.51</b>	

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 Bad debt allowance (Percentage)
12 – 18	25.00
18 – 24	50.00
Over 24	100.00

As at 31 December 2019, the Company write-off bad debt allowance amounted to Baht 0.20 Million, which is a debtor with overdue payment exceeding 24 months. The Company has followed-up on such payment and already record bad debt allowance in 2017. These write-off transaction was comply with the Company's accounting policy. 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. Contract assets

Contract assets (or 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).

As at 31 December 2019 and 31 December 2020, the Company's contract assets amounted to Baht 564.88 Million and Baht 512.28 Million, respectively, equivalent to 37.97% and 30.58% of total assets. As at 31 December 2019, the total value of unbilled receivables were higher compared with previous year. Due to work in progress which has both the work delivered but not yet invoiced, and not yet delivered but able to recognize income according to the steps mentioned above. On the other hand, as at 31 December 2020, contract assets reduced from 2019. Resulted from work delivery during the period which the Company transfer rights of control work and issued invoice for billing to clients during the year.

### 4. 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 2019 and 31 December 2020 amounted to Baht 9.72 Million and Baht 34.54 Million, respectively, equivalent to 0.65% and 2.06% of total assets.

As at 31 December 2019, the Company had outstanding inventories of Baht 9.72 Million was materials (steel materials for fabrication) used for steel structure, pipe work and consumables in construction which will be used for project work under construction project on hand.

As at 31 December 2020, the Company had outstanding inventories of Baht 34.54 Million which purchased materials for steel structure for projects on hand. Such as LNG Receiving Terminal Nong Fab, and Clean Fuel Project. All these inventories has both work process at shop of the Company and at site of projects.

### 5. Withholding Tax Deducted at Source

Withholding tax deducted at source 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. At present the Company has withholding tax refundable pending for 2017 – 2020, and some of them are in the process of auditing and some have not been on audited process yet. The auditing are expected for a duration of time which unable to specify the period and time of completion. The Company has classified the withholding tax deducted at source in the non-current asset category.

Withholding tax deducted at source as at 31 December 2019 and 31 December 2020 amounted to Baht 96.48 million and Baht 132.81 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. Withholding tax for the year 2017 - 2019 is in the process of being refunded in the amount of Baht 27.44 Million, Baht 29.67 Million, and Baht 35.19 Million, respectively. (Withholding tax deducted at source for 2018 in the part of a subsidiary was completely refund during 2020).

## 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 2019 and 31 December 2020, property, plant, and equipment amounted to Baht 527.97 Million and Baht 557.39 Million, reflecting 35.49% and 33.28% of total assets, respectively.

The increase in property, plant, and equipment in 2019 and 2020, amounted to Baht 170.83 Million and 29.42 Million, respectively. Due to, the continuously support for construction services of new projects, including having sufficient production capacity. The Company therefore has continue purchased more machinery, tools and trucks. In 2019, the Company used cash from the public offering of newly issued shares for the first time to buy land, buildings and factories in Pluak Daeng District, Rayong Province, approximately of Baht 100 Million. And invested in equipment used in business operations in the amount of Baht 40 Million, which is in accordance with the objectives of the offering of additional shares (IPO). In 2020, the company was finished renovation land building and factories of those purchased of last year. Including, purchased and completed installation of construction equipment for these factories. It was started production for steel fabrication works of projects on hand since Q1/2020.

## 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 2019 and 31 December 2020, the Company's retention receivables amounted to Baht 10.57 Million and Baht 54.17 Million, reflecting 0.71% and 3.23% of total assets.

Retention receivables in 2019 decreased by Baht 26.68 Million, compared with 2018. Due to, the Company gradually delivered the work according to the percentage of work completed and able to return the retention from the customer according to the steps mentioned above. On the other hand, in 2020, retention receivable was increased totalling of Baht 43.60 Million. Due to the Company was deducted retention amount for delivery of milestones for different projects during period in accordance with the aforementioned processes.

## Liabilities

As at 31 December 2019 and 31 December 2020, the Company's total liabilities amounted to Baht 993.33 Million and Baht 1,146.80 Million, respectively, reflecting 66.77% and 68.46% of total liabilities and equity. In 2020, the Company's total liabilities increased by Baht 153.47 Million, compared with 2019, equivalent to a 15.45% increase.

Liabilities components of 2019 - 2020, of the Company are as follows.

Details	Audited			
	As at 31 Dec 2019		As at 31 Dec 2020	
	Million Baht	%	Million Baht	%
<b>Current Liabilities</b>				
Bank overdraft	16.71	1.12	0.01	0.00
Short-term borrowings from financial institutions	222.25	14.94	509.10	30.39
Trade and other payables	327.16	21.99	265.03	15.82
Contract liabilities	217.25	14.60	141.08	8.42
Short-term borrowing from other party	-	-	20.00	1.19
Short-term borrowing from related party	2.50	0.17	-	-
Current portion of long-term borrowings from financial institutions	38.68	2.60	38.64	2.31
Current portion of lease liabilities	8.34	0.56	20.40	1.22
Other Current Liabilities	21.38	1.44	25.80	1.54
<b>Total Current Liabilities</b>	<b>854.22</b>	<b>57.42</b>	<b>1,020.06</b>	<b>60.89</b>
<b>Non-Current Liabilities</b>				
Long-term borrowings from financial institutions	105.06	7.06	84.30	5.03
Lease liabilities	20.69	1.39	26.37	1.57
Retention payables	8.30	0.56	8.94	0.53
Non-current provision for employee benefits	5.06	0.34	7.13	0.44
<b>Total Non-Current Liabilities</b>	<b>139.10</b>	<b>9.35</b>	<b>126.74</b>	<b>7.57</b>
<b>Total Liabilities</b>	<b>993.33</b>	<b>66.77</b>	<b>1,146.80</b>	<b>68.46</b>

## 1. Bank overdraft and short-term borrowings

The Company has short-term loans uses as projects operation and working capital of the Company. In form of bank overdraft, and promissory note with short-term period of 1-5 months and be able to roll over from other party, a related party and financial institutions that the Company has credit facilities.

In 2019, the Company had bank overdraft of Baht 16.71 Million and short-term loans from financial institutions in the amount of Baht 222.25 Million. And 2020, the Company also has short-term loans from financial institutions in the amount of Baht 509.10 Million, or consider to 16.06% and 30.39% of total liabilities and equities, respectively.

Regarding of the year 2020, there are several construction projects in the early and late stages of construction projects. Therefore, the amount of work delivered is not much. The Company's nesscessory to use working capital for many projects on hand such for labor, raw material and construction consumable costs. In addition, the projects of work received in 2020 is a project that has no advance payments. The Company, therefore need to borrow short-term money from other party, a related party company, and financial institutions that the Company has a credit facilities as previously mention. The Company paidoff loans by the due date from the collection for construction projects received from the customers at that time.

## 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 2019 and 31 December 2020, trade and other payables amounted to Baht 327.16 Million and Baht 265.03 Million, respectively, reflecting 21.99% and 15.82% of total liabilities and equity.

In 2019 – 2020, the Company has increased trade and other payable, compared with previous year. Due to 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. Contract liabilities

As at 31 December 2019 and 31 December 2020, the Company has contract liabilities (or received advance payments from construction projects and advance income received) in the amount of Baht 217.25 Million and Baht 141.08 Million, respectively, representing 14.60% and 8.42% of total liabilities and equity, respectively.

Components of advance received from construction projects and construction revenue received in advance can be divided into;

- 3.1 Construction income received in advance (income received in advance from customers in accordance with the milestone conditions in the contract which is higher than the revenue recognized in accordance with financial reporting standard no. 15 regarding revenue from contracts made with customers). When the Company has transfer control over goods and services to customers under the agreement, this transaction will be deducted and recognize as service revenue in the future. As of 31 December 2019 and 2020, the Company has reduced advance service income in the amount of Baht 1.93 million and Baht 31.63 million, respectively.



- 3.2 Advance received from construction contracts are deposit of project hired according to contract conditions. Which will be reduced proportionally as charged to customers in the next billing invoice. As at 31 December 2019 and 2020, the Company received advance payment for construction in the amount of Baht 215.31 Million and 109.45 Million.

The Company be able to gradually record advance payment and advance construction revenue to income according to Thai Financial Reporting Standard No. 15, without any obligation to repay back to customers.

#### 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 2019 and 31 December 2020, other current liabilities amounted to Baht 21.38 million and Baht 25.85 Million, respectively, reflecting 1.44% and 1.54%, respectively of total liabilities and equity.

#### 5. Long-Term Borrowings from financial institutions

In 2019, the Company sourced its long-term funds from a Thai commercial bank with loan amount of Baht 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 2019 and 31 December 2020, long-term borrowings amounted to Baht 143.70 Million and Baht 122.94 Million, respectively, reflecting 9.66% and 7.34%, respectively of total liabilities and equity. The decrease of Baht 38.64 Million was in accordance with principal repayment specified in the contract within the time period. However, in 2021, long-term borrowing decreased of Baht 20.76 Million because the Company apply for the suspension of debt repayment for 6 periods with a financial institution.

Due to the government's measures to prevent the outbreak of the COVID-19 virus by announcing the closure of vulnerable areas and not traveling across areas. As a result, many sectors have suffered and lack of financial liquidity. Therefore, the Bank of Thailand issues measures for financial institutions to assist debtors who has affected by the COVID-19 pandemic with suspend on debt repayment periods. The Company was affected as well, therefore asked for this assistance and apply for these campaign with a bank. In April 2020, the Company amended its credit facility agreement with a financial institution by having the grace period of principal loan repayment for 6 months from April to September 2020. The final repayment date of long-term borrowings from financial institutions will be due within February 2024 which is replaced the formal one in September 2023.

## Equity

Equity attributable to owners of the Company as at 31 December 2019 amounted to Baht 491.02 Million, reflecting a Baht 333.17 Million increase from 2018. Resulted from, in January 2019, the Company offered to sell 80,000,000 new shares for IPO. The offering of new shares to the subscribers at the price of 3.90 Baht per share (0.50 share capital and share premium 3.40 baht) in the amount of Baht 312.00 million. And the first trading date of the Company's shares on the Stock Exchange of Thailand was 22 January 2019. The Company presented share premiums after deducting expenses directly related IPO events to share premiums.

In addition, the equity attributable to owners of the parent increased from operating profit during the year in the amount of Baht 75.46 million. Decreased from dividend payment in May 2019 for the period of 1 April 2018 – 31 December 2018 in the amount of Baht 28.00 million.

Equity attributable to owners of the Company as at 31 December 2020 amounted to Baht 522.54 Million, reflecting a Baht 31.52 Million increase from 2019, or 6.42%. Resulted from, operating results with net profit attributable to owners of the parent amounted of Baht 61.51 Million. Including, interim dividend payment amounted of Baht 30 Million.

## Dividend Payment

The Annual General Meeting of shareholders held on 18 April 2019 approved dividend payment of Baht 0.10 per share, totaling Baht 28.00 million, paid from the Company's operating results from 1 April 2018 to 31 December 2018. The Company paid such dividends on 17 May 2019.

On 6 April 2020, the resolution of the Board of the Company approved interim dividend payment for operation period of 1 January 2019 – 31 December 2019 to the shareholders whose names appear in the shareholder register as of 16 March 2020 at the rate of 0.11 baht per share, amounted of Baht 30 Million and interim dividend was paid on 5 May 2020.

## Key Financial Ratios

### 1. Liquidity Ratio

As at 31 December 2019 and 31 December 2020, the current ratio calculated from the Company's consolidated financial statements was at 0.94 times and 0.88 times, respectively, and quick ratio was at 0.25 times and 0.34 times respectively. The main reason that the Company liquidity ratios was low 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.

As discussed in other current liabilities, which consists of liabilities that do not have any obligation to repay, which are advance received from construction contracts and construction income received in advance. The Company has other current liabilities of Baht 854.22 Million and Baht 1,020.06 Million at 31 December 2019 and 31 December 2020. If deducting by advance received from construction contracts and construction income received in advance of Baht 217.25 million and Baht 141.08 Million, liabilities balance will be Baht 636.97 Million and Baht 878.98 Million. When comparing with total current assets of each year of Baht 805.17 Million and Baht 901.37 Million, respectively, lead current ratio turn to be 1.26 and 1.03 times.

## 2. Return on Equity

In 2019 - 2020, the Company's return on equity was at 23.26% and 12.14%, respectively. In 2019 - 2020, Return on Equity is likely to decrease by shareholders' equity, compared to the same period last year. Resulted from, increased capital by the offering of newly issued shares as mention previously.

## 3. Return on Assets

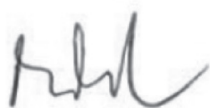
In 2019 - 2020, the Company's return on assets was at 8.40% and 6.75%, respectively. In 2019 - 2020, Return on Assets was decreased, mainly due to growth of operations and from the operating profit that increased significantly when compared to the previous period.

## 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. Including, has initially applied for new and revised TFRS which effective for annual accounting periods beginning on or after 1 January 2020. 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 has efficiency internal control system and internal audit process. It 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 and of CAZ (Thailand) Public Company Limited in all material aspects.



(Mr. Narongrit Tavornvisitporn)  
Chairman of Director



(Mr. Chung Sik Hong)  
Chairman of the Executive Committee /  
Chief Executive Officer



# **CAZ (Thailand) Public Company Limited and its Subsidiary**

**Financial statements for the year ended  
31 December 2020  
and Independent Auditor's Report**

# Independent Auditor's Report

## To the shareholders of CAZ (Thailand) Public Company Limited

### Opinion

I have audited the consolidated and separate financial statements of CAZ (Thailand) Public Company Limited and its subsidiary (the "Group") and of CAZ (Thailand) Public Company Limited (the "Company"), respectively, which comprise the consolidated and separate statements of financial position as at 31 December 2020, the consolidated and separate statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the accompanying consolidated and separate financial statements present fairly, in all material respects, the financial position of the Group and the Company, respectively, as at 31 December 2020 and their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards (TFRSs).

### 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 Code of Ethics for Professional Accountants issued by the Federation of Accounting Professions that is relevant to my audit of the consolidated and separate financial statements, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### Key Audit Matters

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



Recognition of revenue from construction contracts	
Refer to the notes 3(r) and 14 to the consolidated and separate financial statements.	
<p><b>The key audit matter</b></p> <p>The Group's major revenue is from various construction contracts such as EPC services, Structure Mechanic and Piping (SMP) services and others, whereby the conditions of each contract are various and different. Revenue from construction contracts is recognised when the performance obligation is satisfied over time by reference the percentage of completion of each contract at the reporting date including consideration of provision for loss-making contracts.</p> <p>The recognition of revenue from construction contracts, provision for loss-making contracts, related receivables and contract assets is related to the following key factors:</p> <ul style="list-style-type: none"> <li>● Costs incurred;</li> <li>● Surveys of performance completed to date;</li> <li>● Total cost estimation of the contract; and</li> <li>● Revision for certain events or conditions that occur or expect to occur to complete the contract resulted in contract modification and revision of total cost estimation of the contract.</li> </ul> <p>I focused on this area as a key audit matter due to the recognition of revenue from construction contracts required judgement and estimates made by management.</p>	<p><b>How the matter was addressed in the audit</b></p> <p>My audit procedures included:</p> <ul style="list-style-type: none"> <li>● Inquiring the management to understand and assess the process of preparation of total cost estimation of the contracts, calculation of percentage of completion, recognition of revenue from construction contracts including the evaluation of controls designed and implemented and the test of the operating effectiveness of relevant controls;</li> <li>● Testing total cost estimation of the contracts which was approved by the management including changes in total cost estimation during the year, actual costs incurred, revenue from construction contracts, possible for loss-making contracts, related receivables and contract assets with contracts and supporting documents;</li> <li>● Assessing the reasonableness of changes in total cost estimation during the year;</li> <li>● Testing the data used in calculation of percentage of completion with supporting documents;</li> <li>● Analysing the gross profit, work progress and inquire the rationale for differences from the management;</li> <li>● Considering the adequacy of disclosures in accordance with the related Thai Financial Reporting Standards.</li> </ul>

## Other Matter

The consolidated and separate financial statements of the Group and the Company for the year ended 31 December 2019 were audited by another auditor who expressed an unqualified opinion on those statements on 27 February 2020.

## Other Information

Management is 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 those charged with governance and request that the correction be made.

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

Management is responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with TFRSs, and for such internal control as management determines 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, management is responsible for assessing the Group's 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 management either intends to liquidate the Group and the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's 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 skepticism throughout the audit. I also:

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

collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's 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 those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

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

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

(Vipavan Pattavanvivek)  
 Certified Public Accountant  
 Registration No. 4795

KPMG Phoomchai Audit Ltd.  
 Bangkok  
 23 February 2021

## CAZ (Thailand) Public Company Limited and its Subsidiary

### Statement of financial position

(in Baht)

	Note	Consolidated financial statements		Separate financial statements	
		31 December		31 December	
Assets		2020	2019	2020	2019
<b>Current assets</b>					
Cash and cash equivalents	5	142,417,902	31,329,793	141,346,823	30,134,476
Trade and other current receivables	6	204,873,818	186,078,384	267,704,356	282,017,784
Contract assets	7	512,281,001	564,883,334	512,281,001	564,883,334
Short-term loans to a related party	4	-	-	-	40,000,000
Inventories	8	34,541,672	9,718,690	34,470,873	9,465,013
Other current assets		7,260,808	13,156,095	5,676,245	12,054,452
<b>Total current assets</b>		<b>901,375,201</b>	<b>805,166,296</b>	<b>961,479,298</b>	<b>938,555,059</b>
<b>Non-current assets</b>					
Restricted deposit at financial institution	11,22	10,019,939	32,947,959	10,019,939	32,947,959
Investment in a subsidiary	9	-	-	7,390,200	7,390,200
Property, plant and equipment	10	557,390,743	527,967,349	542,710,496	506,221,585
Intangible assets		13,216,880	11,282,370	12,674,352	11,232,894
Retention receivables	7	54,171,641	10,566,628	54,171,641	10,566,628
Withholding tax deducted at source		132,811,521	96,480,731	114,483,225	81,363,213
Deposits		3,407,309	2,106,657	1,465,369	1,798,507
Deferred tax assets	17	2,631,033	1,084,751	2,387,086	965,054
<b>Total non-current assets</b>		<b>773,649,066</b>	<b>682,436,445</b>	<b>745,302,308</b>	<b>652,486,040</b>
<b>Total assets</b>		<b>1,675,024,267</b>	<b>1,487,602,741</b>	<b>1,706,781,606</b>	<b>1,591,041,099</b>

## CAZ (Thailand) Public Company Limited and its Subsidiary

### Statement of financial position

		(in Baht)			
	Note	Consolidated financial statements		Separate financial statements	
		31 December		31 December	
Liabilities and equity		2020	2019	2020	2019
<b>Current liabilities</b>					
Bank overdrafts	5, 11	7,793	16,706,125	7,793	16,706,125
Short-term borrowings from financial institutions	11	509,103,580	222,247,286	509,103,580	222,247,286
Trade and other current payables		265,033,654	327,157,440	283,828,007	438,128,141
Contract liabilities	7	141,083,716	217,247,942	141,083,716	217,247,942
Short-term borrowings from other party	11	20,000,000	-	20,000,000	-
Short-term borrowings from related parties	4, 11	-	2,500,000	-	-
Current portion of long-term borrowings from financial institutions	11	38,640,000	38,640,000	38,640,000	38,640,000
Current portion of lease liabilities (2019: Current portion of finance lease liabilities)	11	20,394,055	8,344,665	17,986,195	6,223,319
Other current liabilities		25,803,055	21,380,188	22,407,553	16,159,187
<b>Total current liabilities</b>		<b>1,020,065,853</b>	<b>854,223,646</b>	<b>1,033,056,844</b>	<b>955,352,000</b>
<b>Non-current liabilities</b>					
Long-term borrowings from financial institutions	11	84,300,000	105,060,000	84,300,000	105,060,000
Lease liabilities (2019: Finance lease liabilities)	11	26,368,080	20,687,782	21,246,976	13,033,179
Retention payables		8,938,501	8,299,191	45,145,448	22,095,265
Non-current provisions for employee benefits		7,137,960	5,056,704	5,931,830	4,473,406
<b>Total non-current liabilities</b>		<b>126,744,541</b>	<b>139,103,677</b>	<b>156,624,254</b>	<b>144,661,850</b>
<b>Total liabilities</b>		<b>1,146,810,394</b>	<b>993,327,323</b>	<b>1,189,681,098</b>	<b>1,100,013,850</b>

## CAZ (Thailand) Public Company Limited and its Subsidiary

### Statement of financial position

(in Baht)

		Consolidated financial statements		Separate financial statements	
		31 December		31 December	
Liabilities and equity	Note	2020	2019	2020	2019
<b>Equity</b>					
<b>Share capital:</b>					
Authorised share capital (280,000 thousand ordinary shares, par value at Baht 0.5 per share)	12	140,000,000	140,000,000	140,000,000	140,000,000
Issued and paid-up share capital (280,000 thousand ordinary shares, par value at Baht 0.5 per share)		140,000,000	140,000,000	140,000,000	140,000,000
Share premium on ordinary shares		246,105,067	246,105,067	246,105,067	246,105,067
Retained earnings					
Appropriated Legal reserve	13	11,952,434	9,149,381	11,952,434	9,149,381
Unappropriated		116,027,794	87,313,205	112,673,007	89,402,801
Other components of equity		8,452,827	8,452,827	6,370,000	6,370,000
<b>Equity attributable to owners of the parent</b>		<b>522,538,122</b>	<b>491,020,480</b>	<b>517,100,508</b>	<b>491,027,249</b>
Non-controlling interests		5,675,751	3,254,938	-	-
<b>Total equity</b>		<b>528,213,873</b>	<b>494,275,418</b>	<b>517,100,508</b>	<b>491,027,249</b>
<b>Total liabilities and equity</b>		<b>1,675,024,267</b>	<b>1,487,602,741</b>	<b>1,706,781,606</b>	<b>1,591,041,099</b>



## CAZ (Thailand) Public Company Limited and its Subsidiary

### Statement of comprehensive income

		(in Baht)			
		Consolidated financial statements		Separate financial statements	
		For the year ended 31 December		For the year ended 31 December	
Note		2020	2019	2020	2019
<b>Revenue</b>					
	Revenues from				
	construction contracts	2,233,064,685	2,034,457,973	2,233,064,685	2,034,457,973
	Costs of construction				
	contracts	(2,055,143,487)	(1,851,868,870)	(2,075,784,150)	(1,862,004,737)
	<b>Gross profit</b>	<b>177,921,198</b>	<b>182,589,103</b>	<b>157,280,535</b>	<b>172,453,236</b>
	Other income	3,374,154	6,192,560	6,323,483	14,466,309
	Administrative expenses	(74,622,813)	(78,027,462)	(67,333,255)	(70,026,989)
	<b>Profit from operating activities</b>	<b>106,672,539</b>	<b>110,754,201</b>	<b>96,270,763</b>	<b>116,892,556</b>
	Finance costs	(27,155,439)	(15,310,676)	(26,489,814)	(15,149,402)
	<b>Profit before income tax expense</b>	<b>79,517,100</b>	<b>95,443,525</b>	<b>69,780,949</b>	<b>101,743,154</b>
	Income tax expense	17 (15,590,837)	(20,440,956)	(13,719,882)	(20,461,564)
	<b>Profit for the year</b>	<b>63,926,263</b>	<b>75,002,569</b>	<b>56,061,067</b>	<b>81,281,590</b>
<b>Other comprehensive income</b>					
<i>Items that will not be reclassified to profit or loss</i>					
	Loss on remeasurements of defined benefit plans	-	(787,681)	-	(610,851)
	Income tax on items that will not be reclassified	17 -	157,536	-	122,170
	<b>Total items that will not be reclassified to profit or loss</b>	<b>-</b>	<b>(630,145)</b>	<b>-</b>	<b>(488,681)</b>
	<b>Other comprehensive income for the year, net of tax</b>	<b>-</b>	<b>(630,145)</b>	<b>-</b>	<b>(488,681)</b>
	<b>Total comprehensive income for the year</b>	<b>63,926,263</b>	<b>74,372,424</b>	<b>56,061,067</b>	<b>80,792,909</b>

## CAZ (Thailand) Public Company Limited and its Subsidiary

### Statement of comprehensive income

(in Baht)

		Consolidated financial statements		Separate financial statements	
		For the year ended 31 December		For the year ended 31 December	
	Note	2020	2019	2020	2019
Profit attributable to:					
Owners of parent		61,505,450	75,461,403	56,061,067	81,281,590
Non-controlling interests		2,420,813	(458,834)	-	-
		<u>63,926,263</u>	<u>75,002,569</u>	<u>56,061,067</u>	<u>81,281,590</u>
Total comprehensive income attributable to:					
Owners of parent		61,505,450	74,869,213	56,061,067	80,792,909
Non-controlling interests		2,420,813	(496,789)	-	-
		<u>63,926,263</u>	<u>74,372,424</u>	<u>56,061,067</u>	<u>80,792,909</u>
Basic earnings per share	18	0.22	0.27	0.20	0.29

## Statement of changes in equity

(in Baht)

	Consolidated financial statements									
	Retained earnings			Other components of equity						
	Issued and paid-up share capital	Share premium on ordinary shares	Legal reserve	Unappropriated	Share-based payment	Changes in parent's ownership interest in subsidiary	Total other components of equity	Equity attributable to owners of the parent	Non-controlling interests	Total equity
For the year ended 31 December 2019										
Balance at 31 December 2018 - as reported	100,000,000	-	5,085,302	44,311,681	6,370,000	2,082,827	8,452,827	157,849,810	3,751,829	161,601,639
Impact of changes in accounting policies	-	-	-	196,390	-	-	-	196,390	-	196,390
Balance at 1 January 2019 - restated	100,000,000	-	5,085,302	44,508,071	6,370,000	2,082,827	8,452,827	158,046,200	3,751,829	161,798,029
Transactions with owners, recorded directly in equity										
<i>Contributions by and distributions to owners of the parent</i>										
Issue of ordinary shares	12	40,000,000	246,105,067	-	-	-	-	286,105,067	-	286,105,067
Additional investment in subsidiary	9	-	-	-	-	-	-	-	1,609,800	1,609,800
Dividends to owners of the Company	19	-	-	(28,000,000)	-	-	-	(28,000,000)	(1,609,902)	(29,609,902)
<i>Total contributions by and distributions to owners of the parent</i>		40,000,000	246,105,067	(28,000,000)	-	-	-	258,105,067	(102)	258,104,965
Comprehensive income for the year										
Profit for the year		-	-	75,461,403	-	-	-	75,461,403	(458,834)	75,002,569
Other comprehensive income		-	-	(592,190)	-	-	-	(592,190)	(37,955)	(630,145)
<b>Total comprehensive income for the year</b>		-	-	74,869,213	-	-	-	74,869,213	(496,789)	74,372,424
Transfer to legal reserve	13	-	4,064,079	(4,064,079)	-	-	-	-	-	-
<b>Balance at 31 December 2019</b>		140,000,000	246,105,067	9,149,381	87,313,205	6,370,000	2,082,827	491,020,480	3,254,938	494,275,418

## Statement of changes in equity

(in Baht)

	Consolidated financial statements									
	Retained earnings			Other components of equity						
	Issued and paid-up share capital	Share premium on ordinary shares	Legal reserve	Unappropriated	Share-based payment	Changes in parent's ownership interest in subsidiary	Total other components of equity	Equity attributable to owners of the parent	Non-controlling interests	Total equity
For the year ended 31 December 2020										
Balance at 1 January 2020	140,000,000	246,105,067	9,149,381	87,313,205	6,370,000	2,082,827	8,452,827	491,020,480	3,254,938	494,275,418
Transactions with owners, recorded directly in equity										
<i>Distributions to owners of the parent</i>										
Dividends to owners of the Company	-	-	-	(29,987,808)	-	-	-	(29,987,808)	-	(29,987,808)
<i>Total distributions to owners of the parent</i>	-	-	-	(29,987,808)	-	-	-	(29,987,808)	-	(29,987,808)
Comprehensive income for the year										
Profit for the year	-	-	-	61,505,450	-	-	-	61,505,450	2,420,813	63,926,263
Other comprehensive income	-	-	-	-	-	-	-	-	-	-
<b>Total comprehensive income for the year</b>	-	-	-	61,505,450	-	-	-	61,505,450	2,420,813	63,926,263
Transfer to legal reserve	-	-	2,803,053	(2,803,053)	-	-	-	-	-	-
Balance at 31 December 2020	140,000,000	246,105,067	11,952,434	116,027,794	6,370,000	2,082,827	8,452,827	522,538,122	5,675,751	528,213,873

Note

19

13

## Statement of changes in equity

(in Baht)

	Note	Separate financial statements					
		Retained earnings			Other components of equity		
		Issued and paid-up share capital	Share premium on ordinary shares	Legal reserve	Unappropriated	Share-based payment	Total other components of equity
For the year ended 31 December 2019							
Balance at 31 December 2018 - as reported		100,000,000	-	5,085,302	40,477,581	6,370,000	151,932,883
Impact of changes in accounting policies		-	-	-	196,390	-	196,390
Balance at 1 January 2019 - restated		100,000,000	-	5,085,302	40,673,971	6,370,000	152,129,273
Transactions with owners, recorded directly in equity							
<i>Contributions by and distributions to owners of the parent</i>							
Issue of ordinary shares	12	40,000,000	246,105,067	-	-	-	286,105,067
Dividends to owners of the Company	19	-	-	-	(28,000,000)	-	(28,000,000)
<i>Total contributions by and distributions to owners of the parent</i>		40,000,000	246,105,067	-	(28,000,000)	-	258,105,067
Comprehensive income for the year							
Profit for the year		-	-	-	81,281,590	-	81,281,590
Other comprehensive income		-	-	-	(488,681)	-	(488,681)
<b>Total comprehensive income for the year</b>		-	-	-	<b>80,792,909</b>	-	<b>80,792,909</b>
Transfer to legal reserve	13	-	-	4,064,079	(4,064,079)	-	-
<b>Balance at 31 December 2019</b>		<b>140,000,000</b>	<b>246,105,067</b>	<b>9,149,381</b>	<b>89,402,801</b>	<b>6,370,000</b>	<b>491,027,249</b>

# CAZ (Thailand) Public Company Limited and its Subsidiary

## Statement of changes in equity

(in Baht)

	Separate financial statements						
	Retained earnings			Other components of equity			
	Issued and paid-up share capital	Share premium on ordinary shares	Legal reserve	Unappropriated	Share-based payment	Total other components of equity	Total equity
For the year ended 31 December 2020							
Balance at 1 January 2020	140,000,000	246,105,067	9,149,381	89,402,801	6,370,000	6,370,000	491,027,249
Transactions with owners, recorded directly in equity							
<i>Distributions to owners of the parent</i>							
Dividends to owners of the Company	-	-	-	(29,987,808)	-	-	(29,987,808)
<i>Total distributions to owners of the parent</i>	-	-	-	(29,987,808)	-	-	(29,987,808)
Comprehensive income for the year							
Profit for the year	-	-	-	56,061,067	-	-	56,061,067
Other comprehensive income	-	-	-	-	-	-	-
<i>Total comprehensive income for the year</i>	-	-	-	56,061,067	-	-	56,061,067
Transfer to legal reserve	-	-	2,803,053	(2,803,053)	-	-	-
Balance at 31 December 2020	140,000,000	246,105,067	11,952,434	112,673,007	6,370,000	6,370,000	517,100,508

Note

19

13



## CAZ (Thailand) Public Company Limited and its Subsidiary

### Statement of cash flows

(in Baht)

	Consolidated financial statements		Separate financial statements	
	For the year ended 31 December		For the year ended 31 December	
	2020	2019	2020	2019
<b><i>Cash flows from operating activities</i></b>				
Profit for the year	63,926,263	75,002,569	56,061,067	81,281,590
<i>Adjustments to reconcile profit to cash receipts (payments)</i>				
Finance costs	27,155,439	15,310,676	26,489,814	15,149,402
Depreciation and amortisation	61,591,708	44,806,583	55,458,453	39,131,185
Non-current provisions for employee benefits	2,482,222	1,202,970	1,859,390	1,106,361
(Gain) loss on disposal of equipment	758,310	(459,942)	902,111	(925,036)
Interest income	(190,347)	(228,370)	(1,684,602)	(2,475,312)
Dividend income	-	-	-	(4,390,098)
Income tax expense	15,590,837	20,440,956	13,719,882	20,461,564
	171,314,432	156,075,442	152,806,115	149,339,656
<b><i>Changes in operating assets and liabilities</i></b>				
Trade and other current receivables	(18,795,434)	16,943,014	11,700,308	(40,244,740)
Contract assets	52,602,333	(296,700,421)	52,602,333	(296,700,421)
Inventories	(24,822,982)	135,291,869	(25,005,860)	135,545,547
Other current assets	5,895,287	(6,301,285)	6,378,207	(5,808,351)
Retention receivables	(43,605,013)	26,683,880	(43,605,013)	26,683,880
Deposits	(1,300,652)	(1,255,878)	333,138	(1,188,728)
Trade and other current payables	(57,615,653)	38,644,570	(149,846,508)	105,069,199
Contract liabilities	(76,164,226)	(208,548,595)	(76,164,226)	(208,548,595)
Other current liabilities	4,422,866	(778,343)	6,248,366	(3,567,064)
Retention payables	639,310	339,221	23,050,183	10,817,992
Employee benefits paid	(400,966)	-	(400,966)	-
Net cash generated from (used in) operating activities	12,169,302	(139,606,526)	(41,903,923)	(128,601,625)
Interest paid	(27,106,292)	(15,096,449)	(26,386,161)	(15,007,711)
Income tax paid - net	(53,467,909)	(55,875,125)	(48,261,925)	(46,749,634)
Net cash used in operating activities	(68,404,899)	(210,578,100)	(116,552,009)	(190,358,970)

## CAZ (Thailand) Public Company Limited and its Subsidiary

### Statement of cash flows

(in Baht)

	Consolidated financial statements		Separate financial statements	
	For the year ended 31 December		For the year ended 31 December	
	2020	2019	2020	2019
<b><i>Cash flows from investing activities</i></b>				
(Increase) decrease in restricted deposit at financial institution	22,928,020	(12,158,209)	22,928,020	(12,158,209)
Proceeds from short-term loans to a related party	-	-	40,000,000	-
Short-term loans to a related party	-	-	-	(22,000,000)
Acquisition of property, plant and equipment	(56,731,918)	(187,552,515)	(57,140,760)	(184,094,144)
Acquisition of intangible assets	(3,034,114)	(1,076,916)	(2,507,348)	(1,076,916)
Proceeds from disposal of equipment	1,071,028	2,032,980	370,093	1,773,254
Cash paid from additional investment in subsidiary	-	-	-	(4,390,200)
Dividend received	-	-	-	4,390,098
Interest received	190,347	228,370	4,297,721	374,634
<b>Net cash from (used in) investing activities</b>	<b>(35,576,637)</b>	<b>(198,526,290)</b>	<b>7,947,726</b>	<b>(217,181,483)</b>
<b><i>Cash flows from financing activities</i></b>				
Proceeds from short-term borrowings from financial institutions	1,072,643,421	666,054,730	1,072,643,421	666,054,730
Repayment of short-term borrowings from financial institutions	(785,787,127)	(502,987,167)	(785,787,127)	(502,987,167)
Repayment of lease liabilities	(21,840,509)	(1,902,915)	(19,593,524)	(1,729,897)
Proceeds from issue of shares	-	312,000,000	-	312,000,000
Payments on directly attributable expenses of the initial public offering	-	(20,515,052)	-	(20,515,052)
Proceeds from non-controlling interests	-	1,609,800	-	-
Repayment of long-term borrowings from financial institutions	(20,760,000)	(38,640,000)	(20,760,000)	(38,640,000)
Proceeds from short-term borrowings from related parties	286,284,940	161,000,000	285,784,940	157,500,000
Repayment of short-term borrowings from related parties	(288,784,940)	(158,500,000)	(285,784,940)	(157,500,000)
Proceeds from short-term borrowings from other party	20,000,000	5,000,000	20,000,000	-
Repayment of short-term borrowings from other party	-	(5,000,000)	-	-
Dividends paid to owners of the Company	(29,987,808)	(29,609,902)	(29,987,808)	(28,000,000)
<b>Net cash from financing activities</b>	<b>231,767,977</b>	<b>388,509,494</b>	<b>236,514,962</b>	<b>386,182,614</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>127,786,441</b>	<b>(20,594,896)</b>	<b>127,910,679</b>	<b>(21,357,839)</b>
Cash and cash equivalents at 1 January	14,623,668	35,218,564	13,428,351	34,786,190
<b>Cash and cash equivalents at 31 December</b>	<b>142,410,109</b>	<b>14,623,668</b>	<b>141,339,030</b>	<b>13,428,351</b>

## CAZ (Thailand) Public Company Limited and its Subsidiary

### Statement of cash flows

(in Baht)

	Consolidated financial statements		Separate financial statements	
	For the year ended 31 December		For the year ended 31 December	
	2020	2019	2020	2019
Cash and cash equivalents at 31 December				
Cash and cash equivalents	142,417,902	31,329,793	141,346,823	30,134,476
Bank overdrafts	(7,793)	(16,706,125)	(7,793)	(16,706,125)
	<u>142,410,109</u>	<u>14,623,668</u>	<u>141,339,030</u>	<u>13,428,351</u>
<i>Supplement disclosures of cash flows information</i>				
<b>Non-cash transactions</b>				
Acquisitions of property, plant and equipment for which payments have not yet made	-	7,110,359	-	7,110,359
Acquisitions of intangible assets for which payments have not yet made	428,000	-	428,000	-
Acquisitions of right-of-use assets under leases	39,570,198	27,573,534	39,570,198	17,797,585
Transfer directly attributable expenses of the initial public offering to share premium	-	5,379,881	-	5,379,881

Note	Contents
1	General information
2	Basis of preparation of the financial statements
3	Significant accounting policies
4	Related parties
5	Cash and cash equivalents
6	Trade and other current receivables
7	Contract assets and contract liabilities
8	Inventories
9	Investment in a subsidiary
10	Property, plant and equipment
11	Interest-bearing liabilities
12	Share capital
13	Reserve
14	Segment information and disaggregation of revenue
15	Employee benefit expenses
16	Expenses by nature
17	Income tax expense
18	Basic earnings per share
19	Dividends
20	Financial instruments
21	Capital management
22	Commitments with non-related parties
23	Contingent liabilities
24	Event after the reporting period
25	Reclassification of accounts

These notes form an integral part of the financial statements.

The financial statements issued for Thai statutory and regulatory reporting purposes are prepared in the Thai language. These English language financial statements have been prepared from the Thai language statutory financial statements, and were approved and authorised for issue by the Board of Directors on 23 February 2021.

## 1. General information

CAZ (Thailand) Public Company Limited, the “Company”, is incorporated in Thailand and was listed on the Stock Exchange of Thailand on 3 May 2018. The Company’s registered office at 239 Huaipong-Nongbon Road, Tambol Huaipong, Amphur Muang-rayong, Rayong.

The immediate and ultimate parent companies during the financial year were Takuni (Thailand) Company Limited and Takuni Group Public Company Limited. Both were incorporated in Thailand.

The principal activities of the Group are as follow:

EPC service	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

Details of the Company’s subsidiary as at 31 December 2020 and 2019 are given in note 9.

## 2. Basis of preparation of the financial statements

### **a** *Statement of compliance*

The financial statements are prepared in accordance with Thai Financial Reporting Standards (“TFRS”), guidelines promulgated by the Federation of Accounting Professions and applicable rules and regulations of the Thai Securities and Exchange Commission.

New and revised TFRS are effective for annual accounting periods beginning on or after 1 January 2020. The initial application of these new and revised TFRS has resulted in changes in certain of the Group's accounting policies.

The Group has initially applied TFRS - Financial instruments standards which comprise TFRS 9 *Financial Instruments* and relevant standards and interpretations and TFRS 16 *Leases* which have no material impact on the financial statements.

In addition, the Group has not early adopted a number of new and revised TFRS, which are not yet effective for the current period in preparing these financial statements. The Group has assessed the potential initial impact on the financial statements of these new and revised TFRS and expects that there will be no material impact on the financial statements in the period of initial application.

### **b** *Functional and presentation currency*

The financial statements are presented in Thai Baht, which is the Company's functional currency.

### **c** *Use of judgements and estimates*

The preparation of financial statements in conformity with TFRS requires management to make judgements, estimates and assumptions that affect the application of the Group's accounting policies. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

#### *(i) Judgements*

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following notes:

3 (r) and 14 Revenue recognition:

- whether performance obligations in a bundled several construction services are capable of being distinct;
- whether revenue from construction is recognised over time or at a point in time.

#### *(ii) Assumptions and estimation uncertainties*

Information about assumption and estimation uncertainties at 31 December 2020 that have a significant risk of resulting in a material adjustments to the carrying amounts of assets and liabilities in the next financial year is included in the following notes:

- |              |                                                                                                                                          |
|--------------|------------------------------------------------------------------------------------------------------------------------------------------|
| 3 (r) and 14 | Revenue recognition: total cost estimation of the contracts and assessment of percentage of completion for overtime revenue recognition; |
| 20           | Determining the fair value of financial instruments on the basis of significant unobservable inputs; and                                 |
| 23           | Recognition and measurement of contingencies liabilities: key assumptions about the likelihood and magnitude of an outflow of resources. |



### 3. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

#### **a** *Basis of consolidation*

The consolidated financial statements relate to the Company and its subsidiary (together referred to as the “Group”).

##### *Subsidiaries*

Subsidiaries are entities controlled by the Group. The Group controls an entity when it 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. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

##### *Non-controlling interests*

At the acquisition date, the Group measures any non-controlling interest at its proportionate interest in the identifiable net assets of the acquiree.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

##### *Loss of control*

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related non-controlling interests and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

##### *Transactions eliminated on consolidation*

Intra-group balances and transactions, and any unrealised income or expenses arising from intra-group transactions, are eliminated.

#### **b** *Investments in subsidiary*

Investments in subsidiary in the separate financial statements of the Company is measured at cost less allowance for impairment losses.

Disposal of an investment in the separate financial statements

On disposal of an investment, the difference between net disposal proceeds and the carrying amount is recognised in profit or loss.

#### **c** *Foreign currencies*

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rate at the reporting date.

Non-monetary assets and liabilities measured at cost in foreign currencies are translated to the functional currency at the exchange rates at the dates of the transactions.

Foreign currency differences are generally recognised in profit or loss.

## **d** *Financial instruments*

### *Accounting policies applicable from 1 January 2020*

#### *(d.1) Recognition and initial measurement*

Trade receivables and trade payables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset and financial liability (unless it is a trade receivable without a significant financing component or measured at FVTPL) is initially measured at fair value plus transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price. A financial asset and a financial liability measured at FVTPL are initially recognised at fair value.

#### *(d.2) Classification and subsequent measurement*

##### *Financial assets - classification*

On initial recognition, a financial asset is classified as measured at: amortised cost; fair value to other comprehensive income (FVOCI); or fair value to profit or loss (FVTPL).

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified prospectively from the reclassification date.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cashflows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

##### *Financial assets - assessment whether contractual cash flows are solely payments of principal and interest*

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features; and
- terms that limit the Group claim to cash flows from specified assets (e.g. non-recourse features).

*Financial assets - subsequent measurement and gains and losses*

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
------------------------------	----------------------------------------------------------------------------------------------------------------------------------------------------------

Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
---------------------------------------	--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

*Financial liabilities - classification, subsequent measurement and gains and losses*

Financial liabilities, classified as amortised cost, are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

*(d.3) Derecognition*

*Financial assets*

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

### *Financial liabilities*

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

### *(d.4) Offsetting*

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

## **e** *Cash and cash equivalents*

Cash and cash equivalents in the statement of cash flows comprise cash balances, call deposits and highly liquid short-term investments. Bank overdrafts that are repayable on demand are a component of cash and cash equivalents for the purpose of the statement of cash flows.

## **f** *Trade and other receivables and contract assets*

A receivable is recognised when the Group has an unconditional right to receive consideration. If revenue has been recognised before the Group has an unconditional right to receive consideration, the amount is presented as a contract asset.

A receivable is measured at transaction price less allowance for expected credit loss (2019: allowance for doubtful accounts) which is determined based on an analysis of payment histories and future expectations of customer payments. Bad debts are written off when incurred.

Contract assets are measured at the amount of consideration that the Group is entitled to, less impairment losses.

## **g** *Inventories*

Inventories are measured at the lower of cost and net realisable value.

Cost is calculated using the first in first out principle, and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. In the case of manufactured inventories and work-in-progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs to complete and to make the sale.

## **h** *Property, plant and equipment*

### *Recognition and measurement*

#### *Owned assets*

Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gains and losses on disposal of item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised in profit or loss.

#### *Subsequent costs*

The cost of replacing a part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

#### *Depreciation*

Depreciation is calculated based on the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. The estimated useful lives are as follows:

Building and building improvements	20 years
Assets for construction project	Term of the contract period
Machinery, tool and equipment	5 years
Furniture and fixtures	5 years
Office equipment	3, 5 years
Vehicles	5 years
Vehicles for construction projects	5 years

No depreciation is provided on freehold land or assets under construction.

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

### **i** *Intangible assets*

Intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses.

#### *Subsequent expenditure*

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as incurred.

#### *Amortisation*

Amortisation is based on the cost of the asset, or other amount substituted for cost, less its residual value.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful lives are as follows:

Computer software	10 years
-------------------	----------

Amortisation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

### **j** *Lease*

#### ***Accounting policies applicable from 1 January 2020***

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in TFRS 16.

#### *As a lessee*

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date except for leases of low-value assets and short-term leases which is recognised as an expense on a straight-line basis over the lease term.



Right-of-use asset is measured at cost, less any accumulated depreciation and impairment loss, and adjusted for any remeasurements of lease liability. The cost of right-of-use asset includes the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred. Depreciation is charged to profit or loss on a straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group incremental borrowing rate. The lease payments included fixed payments less any lease incentive receivable. The lease payments also include amount under purchase, extension or termination option if the Group is reasonably certain to exercise option.

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in lease term, change in lease payments, change in the estimate of the amount expected to be payable under a residual value guarantee, or a change in the assessment of purchase, extension or termination options. When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets in property, plant and equipment in the statement of financial position.

### ***Accounting policies applicable before 1 January 2020***

As a lessee, leases in terms of which the Group substantially assumes all the risk and rewards of ownership are classified as finance leases. Property, plant and equipment acquired by way of finance leases is capitalised at the lower of its fair value and the present value of the minimum lease payments at the inception of the lease, less accumulated depreciation and impairment losses. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to the profit or loss.

Assets held under other leases were classified as operating leases and lease payments are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

## **k** *Impairment of financial assets*

### **Accounting policies applicable from 1 January 2020**

The Group recognises allowances for expected credit losses (ECLs) on financial assets measured at amortised cost (including cash and cash equivalents, trade and other receivables, loans to related parties) and contract assets.

### **Measurement of ECLs**

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

ECLs are measured on either of the following bases:

- 12-month ECLs: these are losses that are expected to result from possible default events within the 12 months after the reporting date; or
- lifetime ECLs: these are losses that are expected to result from all possible default events over the expected lives of a financial instrument.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs. ECLs on these financial assets are estimated using a provision matrix based on the group's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both current and forecast general economic conditions at the reporting date.

Loss allowances for all other financial instruments, the Group recognises ECLs equal to 12-month ECLs unless there has been a significant increase in credit risk of the financial instrument since initial recognition or credit-impaired financial assets, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

The Group considered a financial asset to have low credit risk when its credit rating is 'investment grade'.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due, significant deterioration in financial instruments's credit rating, significant deterioration in the operating results of the debtor and existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

The Group considers a financial asset to be in default when:

- the debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Increased loss allowance is recognised as an impairment loss in profit or loss. Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

#### *Credit-impaired financial assets*

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence of credit-impairment includes significant financial difficulty, a breach of contract such as more than 90 days past due, probable the debtor will enter bankruptcy.

#### *Write-off*

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering. Subsequent recoveries of an asset that was previously written off, are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

#### ***Accounting policies applicable before 1 January 2020***

The carrying amounts of the Group's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated.

An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount. The impairment loss is recognised in profit or loss.

#### *Reversal of impairment*

An impairment loss in respect of a financial asset is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised in profit or loss.

### ***Impairment of non-financial assets***

The carrying amounts of the Group's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated.

An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount. The impairment loss is recognised in profit or loss.

#### *Calculation of recoverable amount*

The recoverable amount of a non-financial asset is the greater of the asset's value in use and fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value

using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

#### *Reversal of impairment*

Impairment losses recognised in prior periods in respect of non-financial assets are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

### **m** *Contract liabilities*

A contract liability is the obligation to transfer goods or services to the customer. A contract liability is recognised when the Group receives or has an unconditional right to receive non-refundable consideration from the customer before the Group recognises the related revenue.

### **n** *Employee benefits*

#### *Defined contribution plan*

Obligations for contributions to defined contribution plans are expensed in profit or loss as the related service is provided.

#### *Defined benefit plans*

The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount.

The calculation of defined benefit obligations is performed regularly by a qualified actuary using the projected unit credit method.

Remeasurements of the net defined benefit liability, actuarial gain or loss are recognised immediately in OCI. The Group determines the interest expense on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period, taking into account any changes in the net defined benefit liability during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

#### *Short-term employee benefits*

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

### **O** *Provisions*

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as a finance cost.

#### *Warranties*

A provision for warranties is recognised when the underlying services are sold. The provision is based on historical warranty data and a weighting of all possible outcomes against their associated probabilities.

#### *Onerous contracts*

A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting the Group's obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with that contract.

### **p** *Fair value measurement*

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

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

When one is available, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as 'active' if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Group uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

If an asset or a liability measured at fair value has a bid price and an ask price, then the Group measures assets and long positions at a bid price and liabilities and short positions at an ask price.

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price - i.e. the fair value of the consideration given or received. If the Group determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the measurement, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- **Level 1:** quoted prices in active markets for identical assets or liabilities.
- **Level 2:** inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.
- **Level 3:** inputs for the asset or liability that are based on unobservable input.

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

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

## **q** *Share capital*

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

## **r** *Revenue*

Revenue is recognised when a customer obtains control of the goods or services in an amount that reflects the consideration to which the Group expects to be entitled, excluding those amounts collected on behalf of third parties, value added tax and is after deduction of any trade discounts.

### *Revenue from construction contracts*

Revenue from construction contracts is satisfied over time by reference the percentage of completion. The percentage of completion is measured by reference to the surveys of performance completed to date or using cost incurred relative to total cost estimation of each contract by using the best method to account for the transfer of work to the customer and considered the nature of work provided and the term of contract. The related costs are recognised in profit or loss when they are incurred.



## **S** Other income

Other income comprises dividend, interest income and others. Dividend income is recognised in profit or loss on the date on which the Group's right to receive payment is established.

## **t** Interest

### **Accounting policies applicable from 1 January 2020**

#### *Effective Interest Rate (EIR)*

Interest income or expense is recognised using the effective interest method. The EIR is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

### **Accounting policies applicable before 1 January 2020**

Interest income is recognised in profit or loss at the rate specified in the contract.

Interest expenses and similar costs are charged to profit or loss for the period in which they are incurred.

## **U** Income tax

Income tax expense for the year comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and differences relating to investments in an subsidiary to the extent that it is probable that they will not reverse in the foreseeable future.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary

differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

## **V** *Earnings per share*

Basic EPS of the Company is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

## **W** *Related parties*

A related party is a person or entity that has direct or indirect control, or has significant influence over the financial and managerial decision-making of the Group; a person or entity that are under common control or under the same significant influence as the Group; or the Group has direct or indirect control or has significant influence over the financial and managerial decision-making of a person or entity.

## **X** *Segment reporting*

Segment results that are reported to the Group's CEO (the chief operating decision maker) include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

CAZ (Thailand) Public Company Limited and its Subsidiary  
 Notes to the financial statements  
 For the year ended 31 December 2020

## 4. Related parties

Relationship with subsidiary is described in note 9. Other related parties that the Group had significant transactions with during the year were as follows:

Name of entities	Country of incorporation	Nature of relationships
Takuni Group Public Company Limited	Thailand	The ultimate parent company
Takuni (Thailand) Co., Ltd.	Thailand	The parent company
JKEC Co., Ltd.	Thailand	Subsidiary
Ratchaphruek Engineering Co., Ltd.	Thailand	Related party
G Gas Logistics Co., Ltd.	Thailand	Related party
Takuni Land Co., Ltd.	Thailand	Related party

The pricing policies for transactions with related parties are explained further below:

Transactions	Pricing policies
Revenues from construction contracts	Contractual price
Rental income	Contractual price
Service income	Agreed prices
Dividend income	Declared dividend payment
Other income	Agreed price
Costs of construction contracts	Contractual price
Interest income and interest expense	Interest rates determined in intercompany loan agreements

CAZ (Thailand) Public Company Limited and its Subsidiary  
Notes to the financial statements  
For the year ended 31 December 2020

Significant transactions for the years ended 31 December with related parties were as follows:

Year ended 31 December	(in thousand Baht)			
	Consolidated financial statements		Consolidated financial statements	
	2020	2019	2020	2019
<b>Ultimate parent</b>				
Revenues from construction contracts	12,974	190,988	12,974	190,988
Costs of construction contracts	266	1,229	266	1,229
<b>Parent</b>				
Interest expense	5,658	962	5,658	962
<b>Subsidiary</b>				
Rental income	-	-	1,486	1,326
Service income	-	-	306	290
Dividend income	-	-	-	4,390
Interest income	-	-	1,494	2,247
Other income	-	-	54	20
Costs of construction contracts	-	-	363,288	304,272
<b>Key management personnel</b>				
Key management personnel compensation				
Short-term employee benefits	16,534	19,987	13,790	16,690
Post-employment benefits	605	414	605	414
Total key management personnel compensation	<u>17,139</u>	<u>20,401</u>	<u>14,395</u>	<u>17,104</u>
<b>Other related parties</b>				
Rental income	144	144	144	144
Service income	81	144	81	144
Costs of construction contracts	21,988	26,212	21,988	26,212
Interest expense	113	-	69	-

CAZ (Thailand) Public Company Limited and its Subsidiary  
Notes to the financial statements  
For the year ended 31 December 2020

Balances as at 31 December with related parties were as follows:

	(in thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
<b>Trade receivables</b>				
Ultimate parent	-	10,920	-	11,306
Other current receivables				
Subsidiary	-	-	965	5,841
Other related parties	43	73	43	73
<b>Total</b>	<b>43</b>	<b>73</b>	<b>1,008</b>	<b>5,914</b>
<b>Advance payments to subcontractor (included in other current receivables)</b>				
Subsidiary	-	-	62,088	89,928
<b>Contract assets</b>				
Ultimate parent	-	17,644	-	17,644
<b>Trade payables</b>				
Ultimate parent	-	1,264	-	1,264
Subsidiary	-	-	24,657	56,101
Other related parties	15,229	7,026	15,229	7,026
<b>Total</b>	<b>15,229</b>	<b>8,290</b>	<b>39,886</b>	<b>64,391</b>
<b>Accrued expenses (included in other current payables)</b>				
Subsidiary	-	-	25,806	75,135
Other related parties	7,847	4,714	7,847	4,714
<b>Total</b>	<b>7,847</b>	<b>4,714</b>	<b>33,653</b>	<b>79,849</b>
<b>Retention payables</b>				
Subsidiary	-	-	36,262	13,796
Other related parties	2	-	2	-
<b>Total</b>	<b>2</b>	<b>-</b>	<b>36,264</b>	<b>13,796</b>

CAZ (Thailand) Public Company Limited and its Subsidiary  
Notes to the financial statements  
For the year ended 31 December 2020

		Interest rate	Separate financial statements			
		At 31 December (% per annum)	1 January	Increase (in thousand Baht)	Decrease	31 December
Loans to						
2020						
Subsidiary		5.10 - 6.52	40,000	-	(40,000)	-
2019						
Subsidiary		5.10 - 6.52	18,000	22,000	-	40,000

	Interest rate	Consolidated financial statements			
	At 31 December (% per annum)	1 January	Increase (in thousand Baht)	Decrease	31 December
Loans from					
2020					
Parent	5.00 - 6.87	-	279,000	(279,000)	-
Other related parties	5.25 - 5.75	2,500	7,285	(9,785)	-
Total		2,500	286,285	(288,785)	-
2019					
Parent	5.00	-	157,500	(157,500)	-
Other related parties	5.25	-	3,500	(1,000)	2,500
Total		-	161,000	(158,500)	2,500

		Interest rate	Separate financial statements			
		At 31 December (% per annum)	1 January	Increase (in thousand Baht)	Decrease	31 December
Loans from						
2020						
Parent		5.00 - 6.87	-	279,000	(279,000)	-
Other related parties		5.75	-	6,785	(6,785)	-
			-	285,785	(285,785)	-
2019						
Parent		5.00	-	157,500	(157,500)	-



CAZ (Thailand) Public Company Limited and its Subsidiary  
Notes to the financial statements  
For the year ended 31 December 2020

## 5. Cash and cash equivalents

	(in thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Cash on hand	540	364	235	204
Cash at banks - current accounts	141,670	30,506	140,907	29,472
Cash at banks - savings accounts	205	459	202	457
Highly liquid short-term investments	3	1	3	1
<b>Cash and cash equivalents in the statement of financial position</b>	<b>142,418</b>	<b>31,330</b>	<b>141,347</b>	<b>30,134</b>
Bank overdrafts used for cash management purposes	(8)	(16,706)	(8)	(16,706)
<b>Cash and cash equivalents in the statement of cash flows</b>	<b>142,410</b>	<b>14,624</b>	<b>141,339</b>	<b>13,428</b>

The effective interest rate on short-term bank deposits was 0.15% to 0.70% per annum (2019: 0.65% to 0.90% per annum). The short-term investments have maturity within 3 months.

## 6. Trade and other current receivables

	Note	(in thousand Baht)			
		Consolidated financial statements		Separate financial statements	
		2020	2019	2020	2019
<b>Trade receivables</b>					
Related parties	4	-	10,920	-	11,306
Other parties		190,951	155,555	190,951	155,555
<b>Total</b>		<b>190,951</b>	<b>166,475</b>	<b>190,951</b>	<b>166,861</b>
<i>Less allowance for expected credit losses (2019: allowance for doubtful accounts)</i>		-	-	-	-
<b>Net</b>		<b>190,951</b>	<b>166,475</b>	<b>190,951</b>	<b>166,861</b>
<b>Other current receivables</b>					
Subsidiary	4	-	-	965	5,841
Related parties	4	43	73	43	73
Other parties		86	202	85	71
Prepaid expenses		11,241	10,128	11,168	10,044
Advance payments to subcontractor					
- related parties	4	-	-	62,088	89,928
Advance payments to subcontractors		2,553	9,200	2,404	9,200
<b>Total</b>		<b>13,923</b>	<b>19,603</b>	<b>76,753</b>	<b>115,157</b>
<b>Total trade and other current receivables</b>		<b>204,874</b>	<b>186,078</b>	<b>267,704</b>	<b>282,018</b>

As at 31 December 2020 and 2019, the Company had pledged of Baht 101.93 million and Baht 41.47 million of trade receivables as collateral for short-term borrowings from financial institution and factoring loan, respectively.

## 7. Contract assets and contract liabilities

The Group has outstanding contract assets and contract liabilities with customers were as follow:

(in thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
<b>Contract assets</b>				
Total project value	7,259,640	4,657,808	7,259,640	4,657,808
Accumulated amount recognised as revenue on percentage of completion basis	3,951,718	2,455,515	3,951,718	2,455,515
Less value of total billed	(3,439,437)	(1,890,632)	(3,439,437)	(1,890,632)
<b>Total contract assets</b>	<b>512,281</b>	<b>564,883</b>	<b>512,281</b>	<b>564,883</b>
Retention receivables	54,172	10,567	54,172	10,567
<b>Contract liabilities</b>				
Total project value	923,526	1,313,547	923,526	1,313,547
Value of total billed	446,629	1,237,641	446,629	1,237,641
Less Accumulated amount recognised as revenue on percentage of completion basis	(414,991)	(1,235,708)	(414,991)	(1,235,708)
	31,638	1,933	31,638	1,933
Advance received from construction contracts	109,446	215,315	109,446	215,315
<b>Total contract liabilities</b>	<b>141,084</b>	<b>217,248</b>	<b>141,084</b>	<b>217,248</b>

### *Revenue recognition from contract balance*

During the year 2020, the Group and the Company recognised contract liabilities balance at the beginning of the year as revenue from construction contract of Baht 1.93 million.

### *Revenue to be recognised for the future related to performance obligations that are unsatisfied*

As at 31 December 2020, the Group has revenue to be recognised in the future related to performance obligations that are unsatisfied amounting to Baht 3,816 million which expected to be recognised in 2021-2023.

CAZ (Thailand) Public Company Limited and its Subsidiary  
 Notes to the financial statements  
 For the year ended 31 December 2020

## 8. Inventories

	(in thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Raw materials	34,542	9,719	34,471	9,465

## 9. Investment in a subsidiary

Sub- sidiary	Type of business	Separate financial statements										(in thousand Baht)	
		Ownership interest %		Paid-up capital		Cost		Impairment		At cost - net		Dividend income for the year	
		2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
JKEC Co., Ltd.	Con- struction services	73.17	73.17	10,100	10,100	7,390	7,390	-	-	7,390	7,390	-	4,390
<b>Total</b>						<b>7,390</b>	<b>7,390</b>	<b>-</b>	<b>-</b>	<b>7,390</b>	<b>7,390</b>	<b>-</b>	<b>4,390</b>

The subsidiary was operated in Thailand and is not publicly listed. Consequently, there is no published price quotations.

### Acquisitions

On 1 October 2019, the Company made additional investment by acquiring additional 0.04 million ordinary shares with a par value of Baht 100 per share, totaling Baht 4.39 million to maintain the same ownership interest in subsidiary.

## 10. Property, plant and equipment

	Consolidated financial statements								Total	
	Land and right-of-use on land	Building and building improvements	Assets for construction project	Machinery, tools and equipment	Furniture and fixtures	Office equipment	Vehicles	Vehicles for construction projects		Assets under construction
	(in thousand Baht)									
<b>Cost</b>										
At 1 January 2019	183,800	81,622	3,031	122,299	1,737	6,990	10,440	14,823	2,572	427,314
Additions	76,522	21,164	221	82,695	459	2,626	4,938	10,695	16,450	215,770
Transfers	-	3,850	-	4,523	-	(28)	-	(1,486)	(6,859)	-
Disposals	-	-	-	(551)	-	(62)	-	(1,956)	-	(2,569)
At 31 December 2019 and 1 January 2020	260,322	106,636	3,252	208,966	2,196	9,526	15,378	22,076	12,163	640,515
Additions	2,840	-	-	29,036	379	2,288	4,357	-	52,416	91,316
Transfers	-	30,245	-	21,908	406	8,477	-	-	(61,036)	-
Disposals	-	(609)	-	(897)	-	-	(713)	(1,100)	-	(3,319)
At 31 December 2020	263,162	136,272	3,252	259,013	2,981	20,291	19,022	20,976	3,543	728,512

(in thousand Baht)

Consolidated financial statements

	Land and right-of-use on land	Building and building improvements	Assets for construction project	Machinery, tools and equipment	Furniture and fixtures	Office equipment	Vehicles	Vehicles for construction projects	Assets under construction	Total
	(in thousand Baht)									
<b>Accumulated depreciation</b>										
At 1 January 2019	-	8,641	505	47,294	877	2,984	6,413	3,465	-	70,179
Depreciation charge for the year	-	4,571	2,194	30,867	345	1,822	1,520	2,046	-	43,365
Disposals	-	-	-	(166)	-	(18)	-	(812)	-	(996)
At 31 December 2019 and 1 January 2020	-	13,212	2,699	77,995	1,222	4,788	7,933	4,699	-	112,548
Depreciation charge for the year	1,113	6,110	553	42,400	429	3,236	2,154	4,068	-	60,063
Disposals	-	(31)	-	(172)	-	-	(697)	(590)	-	(1,490)
At 31 December 2020	1,113	19,291	3,252	120,223	1,651	8,024	9,390	8,177	-	171,121

## Consolidated financial statements

	Land and right-of-use on land	Building and building improvements	Assets for construction project	Machinery, tools and equipment	Furniture and fixtures	Office equipment	Vehicles	Vehicles for construction projects	Assets under construction	Total
										(in thousand Baht)
<i>Net book value</i>										
<b>At 31 December 2019</b>										
Owined assets	260,322	93,424	553	116,834	974	4,738	127	17,377	12,163	506,512
Assets under finance leases	-	-	-	14,137	-	-	7,318	-	-	21,455
	<u>260,322</u>	<u>93,424</u>	<u>553</u>	<u>130,971</u>	<u>974</u>	<u>4,738</u>	<u>7,445</u>	<u>17,377</u>	<u>12,163</u>	<u>527,967</u>
<b>At 31 December 2020</b>										
Owined assets	260,322	116,981	-	99,459	1,330	12,267	152	12,799	3,543	506,853
Right-of-use assets	1,727	-	-	39,331	-	-	9,480	-	-	50,538
	<u>262,049</u>	<u>116,981</u>	<u>-</u>	<u>138,790</u>	<u>1,330</u>	<u>12,267</u>	<u>9,632</u>	<u>12,799</u>	<u>3,543</u>	<u>557,391</u>



Separate financial statements

	Land and right-of-use on land	Building and building improvements	Machinery, tools and equipment	Furniture and fixtures	Office equipment	Vehicles	Vehicles for construction projects	Assets under construction	Total
(in thousand Baht)									
<b>Cost</b>									
At 1 January 2019	183,800	81,733	119,555	1,737	6,489	9,481	2,927	2,711	408,433
Additions	76,522	21,303	81,258	459	2,167	4,259	116	16,839	202,923
Transfers	-	3,850	3,038	-	(29)	-	-	(6,859)	-
Disposals	-	-	(373)	-	(49)	-	(1,106)	-	(1,528)
At 31 December 2019 and 1 January 2020	260,322	106,886	203,478	2,196	8,578	13,740	1,937	12,691	609,828
Additions	2,840	-	28,238	378	1,767	4,357	-	54,144	91,724
Transfers	-	32,450	21,908	406	8,477	-	-	(63,241)	-
Disposals	-	(609)	(745)	-	-	(713)	-	-	(2,067)
At 31 December 2020	263,162	138,727	252,879	2,980	18,822	17,384	1,937	3,594	699,485

Separate financial statements

	Land and right-of-use on land	Building and building improvements	Machinery, tools and equipment	Furniture and fixtures	Office equipment	Vehicles	Vehicles for construction projects	Vehicles for construction projects	Total
(in thousand Baht)									
<b>Accumulated depreciation</b>									
At 1 January 2019	-	8,641	47,081	877	2,706	6,138	1,146	-	66,589
Depreciation charge for the year	-	4,579	29,378	345	1,672	1,298	426	-	37,698
Disposals	-	-	(99)	-	(13)	-	(568)	-	(680)
<b>At 31 December 2019 and 1 January 2020</b>	-	13,220	76,360	1,222	4,365	7,436	1,004	-	103,607
Depreciation charge for the year	1,113	6,124	41,185	429	2,899	1,826	387	-	53,963
Disposals	-	(30)	(67)	-	-	(698)	-	-	(795)
<b>At 31 December 2020</b>	1,113	19,314	117,478	1,651	7,264	8,564	1,391	-	156,775



CAZ (Thailand) Public Company Limited and its Subsidiary  
 Notes to the financial statements  
 For the year ended 31 December 2020

The gross amount of the Group and the Company's fully depreciated of machinery, tools and equipment and office equipment that was still in use as at 31 December 2020 amounted to Baht 34.09 million and Baht 33.90 million, respectively (2019: Baht 23.10 million and Baht 22.91 million, respectively).

During the year 2020, the Company leased land, machinery, tools and equipment and vehicle for 3-4 years and made fixed payments during the lease term. The Company recognised right-of-use assets amounting to Baht 39.57 million.

For the year ended 31 December	(in thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
<i>Amounts recognised in profit or loss</i>				
Depreciation of right-of-use assets:				
- Land and right-of-use asset on land	1,113	-	1,113	-
- Machines, tools and equipment	6,045	-	6,045	-
- Vehicles	2,045	-	1,717	-
- Vehicles for project	2,122	-	-	-
Interest on lease liabilities	2,114	-	1,491	-
Expenses relating to short-term leases	105,778	-	80,861	-
Expenses relating to leases of low-value assets	5,130	-	294	-
Lease expense	-	143,028	-	112,909

In 2020, total cash outflow for the leases of the Group and the Company were Baht 132 million and Baht 101 million, respectively.

CAZ (Thailand) Public Company Limited and its Subsidiary  
Notes to the financial statements  
For the year ended 31 December 2020

## 11. Interest-bearing liabilities

		Consolidated financial statements (in thousand Baht)					
		2020			2019		
	Note	Secured	Unsecured	Total	Secured	Unsecured	Total
Bank overdrafts	5	8	-	8	16,706	-	16,706
Short-term loans from financial institutions							
- Factoring loans		-	-	-	32,247	-	32,247
- Promissory notes		499,345	9,759	509,104	190,000	-	190,000
Short-term loans from other party		20,000	-	20,000	-	-	-
Short-term loans from related parties	4	-	-	-	-	2,500	2,500
Long-term loans from financial institutions		122,940	-	122,940	143,700	-	143,700
Lease liabilities (2019: Finance lease liabilities)		45,319	1,443	46,762	29,032	-	29,032
<b>Total interest-bearing liabilities</b>		<b>687,612</b>	<b>11,202</b>	<b>698,814</b>	<b>411,685</b>	<b>2,500</b>	<b>414,185</b>

		Separate financial statements (in thousand Baht)					
		2020			2019		
	Note	Secured	Unsecured	Total	Secured	Unsecured	Total
Bank overdrafts	5	8	-	8	16,706	-	16,706
Short-term loans from financial institutions							
- Factoring loans		-	-	-	32,247	-	32,247
- Promissory notes		499,345	9,759	509,104	190,000	-	190,000
Short-term loans from other party		20,000	-	20,000	-	-	-
Long-term loans from financial institutions		122,940	-	122,940	143,700	-	143,700
Lease liabilities (2019: Finance lease liabilities)		37,790	1,443	39,233	19,256	-	19,256
<b>Total interest-bearing liabilities</b>		<b>680,083</b>	<b>11,202</b>	<b>691,285</b>	<b>401,909</b>	<b>-</b>	<b>401,909</b>

CAZ (Thailand) Public Company Limited and its Subsidiary  
 Notes to the financial statements  
 For the year ended 31 December 2020

	(in thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Assets pledged as security for liabilities as at 31 December				
Deposit at financial institution	7,650	25,530	7,650	25,530
Property, plant and equipment	307,570	287,706	298,450	276,137
<b>Total</b>	<b>315,220</b>	<b>313,236</b>	<b>306,100</b>	<b>301,667</b>

As at 31 December 2020, the Group and the Company had unutilised credit facilities totalling Baht 645 million (2019: Baht 668 million).

	(in thousand Baht)					
	Consolidated financial statements			Separate financial statements		
	Minimum lease payments	Interest	Present value of minimum lease payments	Minimum lease payments	Interest	Present value of minimum lease payments
Finance lease liabilities						
At 31 December 2019						
Within 1 year	9,688	(1,343)	8,345	6,944	(721)	6,223
1 - 5 years	22,161	(1,474)	20,687	13,653	(620)	13,033
<b>Total</b>	<b>31,849</b>	<b>(2,817)</b>	<b>29,032</b>	<b>20,597</b>	<b>(1,341)</b>	<b>19,256</b>

#### *Borrowings from financial institutions*

In April 2020, the Company amended its credit facility agreement with a financial institution by having the grace period of principal loan repayment for 6 months from April to September 2020. The final repayment date of long-term borrowings from financial institutions will be due within February 2024 which is replaced the formal one in September 2023.

As at 28 December 2020 and 7 December 2019, the Company received waiver letter from a financial institution to waive the term of maintaining the Debt Service Coverage ratio to be not less than 1.2:1 and Debt to Equity ratio to be not exceeding 2:1 of the financial statements for the year ended 31 December 2020 and 2019, respectively.



## 12. Share capital

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company.

On 11-15 January 2019, the Company offered its ordinary shares to the initial public offering by issuing 80 million ordinary shares. The new shares were sold to the subscribers at the price of Baht 3.90 per share (Baht 0.50 for paid-up capital and Baht 3.40 for share premium) totalling Baht 312 million. The Company registered the increase in paid-up share capital with the Ministry of Commerce on 17 January 2019 and the shares of the Company began trading in the Stock Exchange of Thailand on 22 January 2019. Directly attributable expenses of the initial public offering of Baht 25.89 million were deducted from the share premium received from the shareholders.

### *Share premium*

Section 51 of the Public Companies Act B.E. 2535 requires companies to set aside share subscription monies received in excess of the par value of the shares issued to a reserve account ("share premium"). Share premium is not available for dividend distribution.

## 13. Reserve

### *Reserve comprises:*

#### *Appropriations of profit and/or retained earnings*

##### **Legal reserve**

Section 116 of the Public Companies Act B.E. 2535 requires that a public company shall allocate not less than 5% of its annual net profit, less any accumulated losses brought forward, to a reserve account ("legal reserve"), until this account reaches an amount not less than 10% of the registered authorised capital. The legal reserve is not available for dividend distribution.

## 14. Segment information and disaggregation of revenue

### *Geographical segments*

The Group is operated principally in Thailand. There are no material revenues derived from, or assets located in, foreign countries.

### *Business segments*

Management considers that the Group operates in a single line of business, namely construction business, therefore, only one reportable segment.

### *Timing of revenue recognition*

Total revenues of the Group has timing of revenue recognition by over time.

CAZ (Thailand) Public Company Limited and its Subsidiary  
Notes to the financial statements  
For the year ended 31 December 2020

### Major customers

Revenues from three customers of the Group's segment represents approximately Baht 1,739.92 million in 2020 (2019: Baht 1,513.13 million) of the Group's total revenues.

## 15. Employee benefit expenses

(in thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Salary, bonus and wages	1,024,716	674,001	804,757	473,258
Defined benefit plan	2,482	1,203	1,859	1,106
Defined contribution plan	1,221	927	1,046	927
Termination benefits	38,136	6,905	38,099	6,872
<b>Total</b>	<b>1,066,555</b>	<b>683,036</b>	<b>845,761</b>	<b>482,163</b>

### Defined contribution plan

The defined contribution plan comprises provident fund established by the Group for its employees. Membership to the funds is on a voluntary basis. Contributions are made monthly by the employees at rates ranging from 2% to 15% of their basic salaries and by the Group at rates ranging from 3% to 5% of the employees' basic salaries. The provident fund is registered with the Ministry of Finance as a juristic entity and is managed by a licensed Fund Manager.

## 16. Expenses by nature

(in thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2020	2019	2020	2019
Raw material used		465,774	627,918	434,064	602,423
Subcontractor costs		234,186	262,950	575,046	549,991
Depreciation and amortisation		61,592	44,807	55,458	39,131
Employee benefit expenses	15	1,066,555	683,036	845,761	482,163
Lease-related expenses (2019: Lease payment)		110,908	143,028	81,155	112,909

CAZ (Thailand) Public Company Limited and its Subsidiary  
 Notes to the financial statements  
 For the year ended 31 December 2020

## 17. Income tax expense

	(in thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
<i>Income tax recognised in profit or loss</i>				
Current tax expense				
Current year	17,137	20,700	15,142	20,700
Deferred tax expense				
Movements in temporary differences	(1,546)	(259)	(1,422)	(238)
Income tax expense	<u>15,591</u>	<u>20,441</u>	<u>13,720</u>	<u>20,462</u>

	Consolidated financial statements (in thousand Baht)					
	2020			2019		
	Before tax	Tax expense	Net of tax	Before tax	Tax expense	Net of tax
<i>Income tax</i>						
Recognised in other comprehensive income						
Defined benefit plan actuarial losses	-	-	-	788	(158)	630
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>788</u>	<u>(158)</u>	<u>630</u>

	Separate financial statements (in thousand Baht)					
	2020			2019		
	Before tax	Tax expense	Net of tax	Before tax	Tax expense	Net of tax
<i>Income tax</i>						
Recognised in other comprehensive income						
Defined benefit plan actuarial losses	-	-	-	611	(122)	489
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>611</u>	<u>(122)</u>	<u>489</u>

CAZ (Thailand) Public Company Limited and its Subsidiary  
Notes to the financial statements  
For the year ended 31 December 2020

Reconciliation of effective tax rate	Consolidated financial statements				Separate financial statements			
	2020		2019		2020		2019	
	Rate (%)	(in thousand Baht)	Rate (%)	(in thousand Baht)	Rate (%)	(in thousand Baht)	Rate (%)	(in thousand Baht)
Profit before income tax expense		79,517		95,444		69,781		101,743
Income tax using the Thai corporation tax rate	20.00	15,903	20.00	19,089	20.00	13,956	20.00	20,349
Expenses not deductible for tax purposes		1,958		464		1,889		464
Recognition of previously unrecognised tax losses		(377)		-		-		-
Unrealised gains from intercompany transactions		232		1,616		-		-
Others		(2,125)		(728)		(2,125)		(351)
<b>Total</b>	<b>19.61</b>	<b>15,591</b>	<b>21.42</b>	<b>20,441</b>	<b>19.66</b>	<b>13,720</b>	<b>20.11</b>	<b>20,462</b>

(in thousand Baht)

<i>Deferred tax assets</i>	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Net deferred tax assets	2,631	1,085	2,387	965

#### Consolidated financial statements

(Charged) / Credited to

(in thousand Baht)

<i>Deferred tax assets</i>	At 1 January	Profit or loss	Other comprehensive income	At 31 December
<b>2020</b>				
<i>Deferred tax assets</i>				
Right-of-use assets	73	(40)	-	33
Provision for warranties of construction work	-	436	-	436
Provision for litigation	-	735	-	735
Non-current provisions for employee benefits	1,012	415	-	1,427
<b>Total</b>	<b>1,085</b>	<b>1,546</b>	<b>-</b>	<b>2,631</b>
<b>2019</b>				
<i>Deferred tax assets</i>				
Trade receivables	40	(40)	-	-
Right-of-use assets	14	59	-	73
Non-current provisions for employee benefits	613	241	158	1,012
<b>Total</b>	<b>667</b>	<b>260</b>	<b>158</b>	<b>1,085</b>

CAZ (Thailand) Public Company Limited and its Subsidiary  
Notes to the financial statements  
For the year ended 31 December 2020

	Separate financial statements (Charged) / Credited to			(in thousand Baht)
	At 1 January	Profit or loss	Other comprehensive income	At 31 December
<b>Deferred tax</b>				
<b>2020</b>				
<b>Deferred tax assets</b>				
Right-of-use assets	70	(40)	-	30
Provision for warranties of construction work		436		436
Provision for litigation		735	-	735
Non-current provisions for employee benefits	-			
	895	291	-	1,186
<b>Total</b>	<b>965</b>	<b>1,422</b>	<b>-</b>	<b>2,387</b>
<b>2019</b>				
<b>Deferred tax assets</b>				
Trade receivables	40	(40)	-	-
Right-of-use assets	12	58	-	70
Non-current provisions for employee benefits				
	551	222	122	895
<b>Total</b>	<b>603</b>	<b>240</b>	<b>122</b>	<b>965</b>

## 18. Basic earnings per share

	(in thousand Baht / thousand shares)			
	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
<b>Profit attributable to ordinary shareholders for the year ended 31 December</b>				
Profit attributable to ordinary shareholders of the Company (basic)	61,505	75,461	56,061	81,282
Weighted average number of ordinary shares outstanding (basic)	280,000	276,493	280,000	276,493
Earnings per share (basic) (in Baht)	0.22	0.27	0.20	0.29

On 11-15 January 2019, the Company offered its ordinary shares to the initial public offering by issuing 80 million ordinary shares. The Company registered the increase in paid-up share capital with the Ministry of Commerce on 17 January 2019. The Company adjusted the weighted average number of ordinary shares for the year ended 31 December 2019.

CAZ (Thailand) Public Company Limited and its Subsidiary  
Notes to the financial statements  
For the year ended 31 December 2020

## 19. Dividends

The dividends paid by the Company to the shareholders are as follows:

	Approval date	Payment schedule	Dividend rate per share (in Baht)	Amount (in million Baht)
<b>2020</b>				
Interim dividend paid from the profit of 2019	6 April 2020	5 May 2020	0.11	30
<b>2019</b>				
Annual dividend paid from the profit of 2018	18 April 2019	17 May 2019	0.10	28

## 20. Financial instruments

### (a) Carrying amounts and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities measured at amortised cost if the carrying amount is a reasonable approximation of fair value.

Consolidated / Separate financial statements					
(in thousand Baht)					
	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
<b>At 31 December 2020</b>					
Long-term borrowings from financial institutions	122,940	-	-	123,635	123,635
<b>At 31 December 2019</b>					
Long-term borrowings from financial institutions	143,700	-	-	143,520	143,520

### Financial instruments measured at fair value

Type	Valuation technique
Long-term borrowings from financial institutions	<i>Discounted cash flows:</i> The fair value is estimated considering a net present value of future cash flows calculated using discount rates at the market rate of loans.



**(b) Financial risk management policies**

***Risk management framework***

The Group's board of directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The board of directors has established the risk management committee, which is responsible for developing and monitoring the Group's risk management policies. The committee reports regularly to the board of directors on its activities.

The Group's risk management policies are established to identify and analyse the risks faced by the Group's, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group's audit committee oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Group's audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

***(b.1) Credit risk***

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers.

***(b.1.1) Trade receivables and contract assets***

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry and country in which customers operate. Detail of concentration of revenue are included in note 14.

The management committee has established a credit policy under which each new customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered.

The Group limits its exposure to credit risk from trade accounts receivables by establishing a maximum payment period of 30 days or 45 days.

CAZ (Thailand) Public Company Limited and its Subsidiary  
Notes to the financial statements  
For the year ended 31 December 2020

The following table provides information about the exposure to credit risk and ECLs for trade receivables and contract assets.

	Consolidated financial statements							
	(in thousand Baht)							
	Trade receivables	Contract assets (see note 7)	Total carrying amounts	Allowance for expected credit loss	Trade receivables	Contract assets (see note 7)	Total carrying amounts	Allowance for expected credit loss
<i>At 31 December</i>								
Within credit terms	174,467	512,281	686,748	-	156,750	564,883	721,633	-
Overdue:								
• Less than 3 months	13,744	-	13,744	-	9,646	-	9,646	-
• 3 - 6 months	2,740	-	2,740	-	-	-	-	-
• Over 12 months	-	-	-	-	79	-	79	-
Total	190,951	512,281	703,232	-	166,475	564,883	731,358	-
Less allowance for expected credit loss								
(2019: allowance for doubtful accounts)	-	-	-	-	-	-	-	-
Net	190,951	512,281	703,232	-	166,475	564,883	731,358	-

	Separate financial statements							
	(in thousand Baht)							
	Trade receivables	Contract assets (see note 7)	Total carrying amounts	Allowance for expected credit loss	Trade receivables	Contract assets (see note 7)	Total carrying amounts	Allowance for expected credit loss
<i>At 31 December</i>								
Within credit terms	174,467	512,281	686,748	-	156,750	564,883	721,633	-
Overdue:								
• Less than 3 months	13,744	-	13,744	-	9,646	-	9,646	-
• 3 - 6 months	2,740	-	2,740	-	156	-	156	-
• 6 - 12 months	-	-	-	-	199	-	199	-
• Over 12 months	-	-	-	-	110	-	110	-
Total	190,951	512,281	703,232	-	166,861	564,883	731,744	-
Less allowance for expected credit loss								
(2019: allowance for doubtful accounts)	-	-	-	-	-	-	-	-
Net	190,951	512,281	703,232	-	166,861	564,883	731,744	-

CAZ (Thailand) Public Company Limited and its Subsidiary  
Notes to the financial statements  
For the year ended 31 December 2020

In 2020, loss rates are based on actual credit loss experience over the past three years. These rates are multiplied by scalar factors to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

The normal credit term granted by the Group ranges from 30 days to 45 days.

*(b.1.2) Cash and cash equivalents*

The Group's exposure to credit risk arising from cash and cash equivalents is limited because the counterparties are banks and financial institutions with credit rating for which the Group considers to have low credit risk.

*(b.2) Liquidity risk*

The Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows through an adequate amount of committed credit facilities.

The following table are the remaining contractual maturities of financial liabilities as at 31 December 2020. The amounts are gross and undiscounted and include contractual interest payments and exclude the impact of netting agreements.

Consolidated financial statements						
At 31 December 2020	Contractual cash flows					(in thousand Baht)
	Carrying amount	1 year or less	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total
<b>Financial liabilities</b>						
Bank overdrafts	8	8	-	-	-	8
Trade and other current payables	265,034	265,034	-	-	-	265,034
Short-term loans from other party	20,000	20,284	-	-	-	20,284
Loans from financial institutions	632,044	555,577	41,752	47,081	-	644,410
Lease liabilities	46,762	21,958	20,490	7,817	-	50,265
<b>Total</b>	<b>963,848</b>	<b>862,861</b>	<b>62,242</b>	<b>54,898</b>	<b>-</b>	<b>980,001</b>

CAZ (Thailand) Public Company Limited and its Subsidiary  
Notes to the financial statements  
For the year ended 31 December 2020

Separate financial statements						
Contractual cash flows (in thousand Baht)						
At 31 December 2020	Carrying amount	1 year or less	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total
<b>Financial liabilities</b>						
Bank overdrafts	8	8	-	-	-	8
Trade and other current payables	283,828	283,828	-	-	-	283,828
Short-term loans from other party	20,000	20,284	-	-	-	20,284
Loans from financial institutions	632,044	555,577	41,752	47,081	-	644,410
Lease liabilities	39,233	18,815	17,385	5,016	-	41,216
<b>Total</b>	<b>975,113</b>	<b>878,512</b>	<b>59,137</b>	<b>52,097</b>	<b>-</b>	<b>989,746</b>

The following table are the remaining contractual maturities of financial assets and financial liabilities as at 31 December 2019 which is an accounting policy applicable before 1 January 2020

Consolidated financial statements (in thousand Baht)				
At 31 December 2019	Effective interest rate (% per annum)	Maturity period		
		Within 1 year	After 1 year but within 5 years	After 5 years
				Total
<b>Financial liabilities</b>				
Bank overdrafts	4.65 - 5.85	16,706	-	-
Short-term loans from related parties	5.25	2,500	-	-
Loans from financial institutions	4.00 - 6.87	260,887	105,060	-
Financial lease	4.00 - 7.34	8,345	20,688	-
<b>Total</b>		<b>288,438</b>	<b>125,748</b>	<b>-</b>

CAZ (Thailand) Public Company Limited and its Subsidiary  
 Notes to the financial statements  
 For the year ended 31 December 2020

		Separate financial statements			
		(in thousand Baht)			
At 31 December 2019	Effective interest rate (% per annum)	Maturity period			
		Within 1 year	After 1 year but within 5 years	After 5 years	Total
<i>Financial asset</i>					
Short-term loans to a related party	5.10 - 6.52	40,000	-	-	40,000
Total		40,000	-	-	40,000
<i>Financial liabilities</i>					
Bank overdrafts	4.65 - 5.85	16,706	-	-	16,706
Loans from financial institutions	4.00 - 6.87	260,887	105,060	-	365,947
Financial lease	4.25 - 7.34	6,223	13,033	-	19,256
Total		283,816	118,093	-	401,909

### (b.3) Market risk

The Group is exposed to normal business risks from changes in market interest rates, currency exchange rates and from non-performance of contractual obligations by counterparties. The Group does not hold or issue derivatives for speculative or trading purposes.

#### (b.3.1) Foreign currency risk

The Group is exposed to foreign currency risk relating to purchases which are denominated in foreign currencies. However, the purchases is no material during the year so the Group did not utilise forward exchange contracts to hedge such financial liabilities denominated in foreign currencies.

#### (b.3.2) Interest rate risk

Interest rate risk is the risk that future movements in market interest rates will affect the results of the Group's operations and its cash flows. Loans bear fixed and variable interest rates. As a result, the Group has interest rate risk arises from changes in interest rates, which may have an effect on the Group's operations in the current reporting period and in future years. The management does not use any financial instruments to manage interest rate risk.

CAZ (Thailand) Public Company Limited and its Subsidiary  
Notes to the financial statements  
For the year ended 31 December 2020

<i>Exposure to interest rate risk at 31 December</i>	(in thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
<i>Financial instruments with fixed interest rates</i>				
Financial assets	-	-	-	40,000
Financial liabilities	579,394	149,698	571,865	145,076
<i>Financial instruments with variable interest rates</i>				
Financial liabilities	119,420	138,740	119,420	138,740

#### *Fair value sensitivity analysis for fixed-rate instruments*

The Group does not account for any fixed-rate financial assets or financial liabilities, at FVTPL, and the Group does not designate derivatives (interest rate swaps) as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

#### *Cash flow sensitivity analysis for variable-rate instruments*

A reasonable possible change of 1 % in interest rates at the reporting date would have increased or (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

<i>At 31 December 2020</i>	Consolidated/Separate financial statements (in thousand Baht)			
	Profit or loss		Equity, net of tax	
	1% increase in interest rate	1% decrease in interest rate	1% increase in interest rate	1% decrease in interest rate
Financial instruments with variable interest rate	(1,035)	1,035	(828)	828
Interest rate swaps	-	-	-	-
<b>Cash flow sensitivity (net)</b>	<b>(1,035)</b>	<b>1,035</b>	<b>(828)</b>	<b>828</b>

## 21. Capital management

The Board of Directors' policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board monitors the return on capital, which the Group defines as result from operating activities divided by total shareholders' equity, excluding non-controlling interests and also monitors the level of dividends to ordinary shareholders.

CAZ (Thailand) Public Company Limited and its Subsidiary  
 Notes to the financial statements  
 For the year ended 31 December 2020

## 22. Commitments with non-related parties

(in thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Future minimum lease payments under non-cancellable operating leases - short-term leases and low-value assets				
Within 1 year	360	1,991	294	1,102
1 - 5 years	255	1,015	213	907
<b>Total</b>	<b>615</b>	<b>3,006</b>	<b>507</b>	<b>2,009</b>
<b>Other commitments</b>				
Purchase orders for construction materials	9,556	20,167	9,556	20,167
Bank guarantees	1,175,918	869,423	1,175,918	869,423
<b>Total</b>	<b>1,185,474</b>	<b>889,590</b>	<b>1,185,474</b>	<b>889,590</b>

The Group had bank guarantees which used restricted deposit at financial institution as collateral amounting to Baht 2.37 million.

## 23. Contingent liabilities

The Company has been sued for a damage case by a company ("plaintiff") for breach of service contract in amount of Baht 18.31 million. The Company received a subpoena from the Civil Court on 30 November 2019. In this regard, the Company submitted a petition requesting and counterclaims on 27 January 2020. The Company sued to plaintiff seeking compensation of Baht 17.1 million for losses resulting from breach of service contract. The Court of the First Instance's judgement dated on 23 December 2020 considered that the termination from both parties have voluntarily terminated the contract since 27 September 2019. The Company has liable for payment of service contract to the plaintiff plus interest rate at 7.5% per annum starting from 3 November 2019 and the plaintiff has to return advance payment to the Company. The remaining liability that the Company has to paid to plaintiff amounting to Baht 3.12 million. As a result, the Company has recorded the provision followed by the Court of the First Instance's judgement.

Subsequently, on 22 February 2021, the Company submitted an appeal. Currently, the appeal is in consideration of the Appeal Court. Including, the Company submitted the petition to stay the execution in order to be executed by the judgement during the process of the appeal.



## 24. Event after the reporting period

On the Board of Director's meeting held on 23 February 2021, the Board approved the dividend payment from the operating results for the year ended 31 December 2020 at the rate of Baht 0.05 per share, amounting to Baht 13.38 million with the details as follow:

- 1) Payment in the form of stock dividends in the amount of approximately 14 million shares at the ratio of 20 existing shares to 1 new share with a par value of Baht 0.50 per share including withholding tax, totaling Baht 7.78 million. In case that any shareholders have remaining shares after the allocation, the dividend shall be paid by cash in the amount of Baht 0.03 per share.
- 2) Payment in the form of cash in the amount of Baht 0.02 per share, totaling Baht 5.60 million.

The dividend will be presented to the annual general meeting of the shareholders of the Company held in April 2021.

## 25. Reclassification of accounts

Certain accounts in the statement of financial position as at 31 December 2019 have been reclassified to conform to the presentation in the 2020 financial statements.

		2019				
		(in thousand Baht)				
	Consolidated financial statements			Separate financial statements		
	Before reclassification	Reclassification	After reclassification	Before reclassification	Reclassification	After reclassification
<i>Statement of financial position</i>						
<i>Current assets</i>						
Withholding tax deducted at source	27,437	(27,437)	-	25,676	(25,676)	-
<i>Non-current assets</i>						
Withholding tax deducted at source	69,044	27,437	96,481	55,687	25,676	81,363
		<u>-</u>			<u>-</u>	



