



CHRISTIANI & NIELSEN

CHRISTIANI & NIELSEN (THAI) PUBLIC COMPANY LIMITED

## ANNUAL REPORT 2019



# FOUNDATION FOR THE FUTURE



# พันธกิจ วิสัยทัศน์ ของบริษัทฯ

เกือบศตวรรษในการดำเนินธุรกิจรับเหมาก่อสร้างของบริษัทฯ เราได้เข้าไปมีส่วนร่วมในการพัฒนาสถานที่สำคัญหลายแห่งในประเทศไทย โดยตลอด และเรายังคงยึดมั่นที่จะสร้างรากฐานที่แข็งแกร่งสำหรับอนาคตข้างหน้าต่อไป เรามุ่งมั่นที่จะเป็นบริษัทรับเหมาก่อสร้างที่ได้รับการยอมรับมากที่สุด ในประเทศไทยและในอาเซียน โดยมอบการบริการที่เป็นเลิศให้แก่ลูกค้า ยึดมั่นและปฏิบัติตามคำมั่นสัญญา รวมถึงความใส่ใจดูแลพนักงานของเราทุกคน

## MISSION AND VISION STATEMENT

With a century of operations, we have a unique place in Thailand's development, and will firmly continue to build a strong foundation for its future.

We aim to be the most highly regarded construction company in Thailand and ASEAN, by delivering excellence to our clients, honoring our commitments and nurturing each one of our people.





1 | MAHIDOL SITTHAKARN

7 | INDIAN EMBASSY RESIDENCE

2 | RS GROUP TOWER

8 | INDOCHINA INTERSECTION

3 | FOREST PAVILION

4 | KRABI INTERNATIONAL AIRPORT

5 | KHONKAEN INTERNATIONAL AIRPORT

6 | THAI OIL NEW OFFICE



# PROJECT HIGHLIGHTS





# CHRISTIANI & NIELSEN (THAI) PCL

FOUNDED 1930



Excellent CG Score



OVER 1,000 EMPLOYEES



OVER 50 PROJECTS EXECUTED

ANNUALLY MORE THAN

2,000 PROJECTS

COMPLETED IN THAILAND



LABOR FORCE OF OVER  
4,000 WORKERS



CIVIL & INFRASTRUCTURE  
GENERAL BUILDINGS & HOSPITALITY  
POWER & PETROCHEMICALS  
INDUSTRIAL FACILITIES & HYPERMARKETS



Professional Practice (Juristic Person)  
under Engineering Act B.E. 2542  
Registration No. 1551/62



ISO 9001:2015



OHSAS 18001:2007

# DETAIL OF THE COMPANY

## Christiani & Nielsen (Thai) Public Company Limited

<b>Business type</b>	Construction
<b>Registration number</b>	0107535000281
<b>Registered capital</b>	1,102,904,144 Baht (1,102,904,144 ordinary shares of 1 Baht each)
<b>Issued and fully paid-up</b>	1,027,904,144 Baht (1,027,904,144 ordinary shares of 1 Baht each)
<b>Head Office Address</b>	727 La Salle Road, Bangna-Tai Subdistrict, Bangna, Bangkok 10260 Telephone +66 2 338 8000 Facsimile +66 2 338 8090 Homepage : <a href="http://www.cn-thai.co.th">http://www.cn-thai.co.th</a>
<b>Branch No. 1</b>	494 Moo 4 Tambol Nongkham Sri Racha District, Chonburi 20110 Telephone +66 38 066 424-7 Facsimile +66 38 066 428
<b>Branch No. 2</b>	39 Nimitr Mai 64, East Sam Wah Sub-district Klong Sam Wah District, Bangkok 10510
<b>Company Secretary</b>	Mr. Surasak Osathanugraha Telephone + 66 2 338 8100 E-mail: <a href="mailto:surasakos@cn-thai.co.th">surasakos@cn-thai.co.th</a>
<b>Investor Relation</b>	Mrs. Phanee Charoencharoenchai Telephone +66 2 338 8077 E-mail: <a href="mailto:phaneech@cn-thai.co.th">phaneech@cn-thai.co.th</a>

## Subsidiary companies

### CNT Holdings Co., Ltd.

<b>Business type</b>	Construction and Holding Company
<b>Registered capital</b>	50,000,000 Baht (5,000,000 ordinary shares of 10 Baht each)
<b>Issued and fully paid-up</b>	50,000,000 Baht (5,000,000 ordinary shares of 10 Baht each)
<b>Address</b>	727 La Salle Road, Bangna-Tai Subdistrict, Bangna, Bangkok 10260 Telephone +66 2 338 8000 Facsimile +66 2 338 8090

### Christiani & Nielsen (Myanmar) Limited

<b>Business type</b>	Construction, engineering and related services
<b>Registered capital</b>	500,000 USD (500,000 ordinary shares of 1 USD each)
<b>Issued and fully paid-up</b>	400,000 USD (400,000 ordinary shares of 1 USD each)
<b>Address</b>	No. 24/C Natmout Yeikthar Street, Bahan Township Yangon, The Republic of the Union of Myanmar Telephone / Facsimile +95 9 442 455 954 E-mail: <a href="mailto:cnmyanmar16@gmail.com">cnmyanmar16@gmail.com</a>

## **Christiani & Nielsen (Cambodia) Co., Ltd.**

<b>Business type</b>	Construction, engineering and related services
<b>Registered capital</b>	100,000 USD (100,000 ordinary shares of 1 USD each)
<b>Issued and fully paid-up</b>	100,000 USD (100,000 ordinary shares of 1 USD each)
<b>Address</b>	No. 116, Street 105K, Vimean Trung Village, Krang Thnong Sub-District, Sen Sok District, Phnom Penh, Kingdom of Cambodia Telephone / Facsimile +885 16 516 585 E-mail: cambodia@cn-thai.co.th

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## **Christiani & Nielsen Energy Solutions Company Limited**

<b>Business type</b>	Providing energy solutions in Solar, Wind and other renewable energy sectors
<b>Registered capital</b>	10,000,000 Baht (1,000,000 ordinary shares of 10 Baht each)
<b>Issued and fully paid-up</b>	10,000,000 Baht (1,000,000 ordinary shares of 10 Baht each)
<b>Address</b>	727 La Salle Road, Bangna-Tai Subdistrict, Bangna, Bangkok 10260 Telephone / Facsimile +66 2 398 0158   +66 098 096 7659

## **References**

<b>Auditor</b>	Ms. Kamontip Lertwitworatep CPA (Thailand) - Licence no. 4377 and/or Ms. Siriwan Suratepin CPA (Thailand) - Licence no. 4604 and/or Mr. Wichart Lokatekrawee CPA (Thailand) - Licence no. 4451 EY Office Limited 33 <sup>rd</sup> Floor, Lake Rajada Office Complex 193/136-137 Rajadapisek Road, Klongtoey, Bangkok 10110, Thailand Tel: +66 2 264 9090 Fax: +66 2 264 0789-90
<b>Registration of Securities</b>	<b>Thailand Securities Depository Company Limited</b> No. 93, 4 <sup>th</sup> Floor, Ratchadapisek Road Dindaeng, Bangkok 10400 Tel: +66 2 009 9690-91 Fax: +66 2 009 9992
<b>Main Bank</b>	<b>Bangkok Bank (Head Office)</b> 333 Silom Road, Bangrak, Bangkok 10500 Tel: + 66 2 626 4413 Fax: +66 2 626 4935 Website: <a href="http://www.bangkokbank.com">http://www.bangkokbank.com</a> <b>Bank of Ayudhya Public Company Limited (Head Office)</b> 1222 Rama 3 Road, Bangphongphang Yannawa, Bangkok 10120 Tel: +66 2 296 4604 Fax: +66 2 208 2962 Website: <a href="http://www.krungsri.com">http://www.krungsri.com</a> <b>Kasikorn Bank Public Company Limited (Phahonyothin Branch)</b> 400/22 Phahonyothin Road, Samsaen-nai Phayathai, Bangkok 10400 Tel: +66 2 470 2710 Fax: +66 2 4702881 Website: <a href="http://www.kasikornbank.com">http://www.kasikornbank.com</a> <b>TMB Bank PCL (Head Office)</b> 3000 Phahonyothin Road, Chom Phon Chatuchak, Bangkok 10900 Tel: +66 2 299 2469 Fax: +66 2 299 2290 Website: <a href="http://www.tmbbank.com">http://www.tmbbank.com</a>



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# MESSAGE FROM THE BOARD OF DIRECTORS

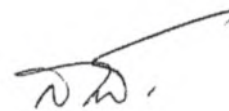
The Company achieved a reasonably satisfactory result in 2019. While Construction Revenues were below internal targets, the net profit was quite close to our targets for the year. Construction Revenues were below target mainly because of delays to progress of projects which delays were beyond the control of the Company and while this shortfall of income had a corresponding impact on absolute gross margin, the Company still achieved a higher gross margin in terms of percentage (of construction revenues), than that in the previous year and then, assisted by the settlement of an outstanding litigation with a Customer and the consequent receipt of dues, the Company finally managed to achieve a modest net profit.

For several years now, competition in the construction market has been severe, and resulted in a prolonged decline in tender margins. While the latter part of 2018 saw the first signs of a very gradual upturn in tender margins, this upturn was short lived and tender margins resumed their decline in the second half of 2019. The Company continues to make efforts to secure a worthwhile share of major public sector infrastructure projects in the medium to long term. The political situation has had a negative impact on private sector and foreign investment in the construction market, particularly the industrial sector. The recent slowdown in Public Sector investment due to the delay in the passage of the Government's Fiscal Budget should now improve following its recent approval, although there will be further delays before actual disbursement of funds. Having completed two projects in Cambodia, the Company is seeking further projects in both Cambodia and Myanmar.

In the short to medium term, the construction market is expected to be negatively impacted by struggling economies inside and outside of Thailand, as well as the seemingly uncontrollable spread of the Coronavirus.

The Company places great emphasis on good corporate governance, and so was pleased to receive a rating of 'excellent' in the assessment of Thai listed companies made by the Thai Institute of Directors Association. As part of its Code of Conduct and Anti-Corruption Policy, the Company has implemented a No Gift Policy banning the receiving of gifts at all levels. The Company is also acutely aware of the need to create and maintain a clean sustainable environment and, as part of its efforts, has stepped up the policy of reducing single-use plastics, replacing printed reports with on-line versions and increasing recycling both in the office and all worksites.

In anticipation of better prospects ahead, I thank the shareholders and our clients for their confidence and support, and, on behalf of the Board of Directors, I express sincere thanks also to the management, staff and all employees of the Company for their hard work, loyalty and determination throughout the past year.



Santi Grachangnetara  
Chairman

# REPORT OF THE AUDIT AND CORPORATE GOVERNANCE COMMITTEE

## Dear Shareholders

The Audit and Corporate Governance Committee of Christiani and Nielsen (Thai) PCL, by the appointment of the Company's Board of Directors, comprises three qualified independent directors, namely, Mr. Kasemsit Pathomsak, Chairman of the Audit and Corporate Governance Committee, Mrs. Nampung Wongsmith and Mr. Kris Thirakaosal serving as members with internal audit manager as secretary to the Audit and Corporate Governance Committee.

The Audit and Corporate Governance Committee has carried out the scope, duties and responsibilities assigned by the Company Board of Directors, in accordance with the regulation of the Securities and Exchange Commission Thailand, as well as relevant suggestions on various matters, which were fully cooperated by the Company's Management, internal auditor and auditor. In 2019, the Audit and Corporate Governance Committee held four meetings with the executive, internal auditors and auditor as appropriate, including a meeting with the auditor without the Management for independent discussion on material information in preparation of financial statements and sharing of opinions, which may be summarized as follows:

## 1. Giving Consent towards Financial Statements

The Audit and Corporate Governance Committee gave consent on quarterly financial statements and Annual Financial Statement for 2019 which have been verified and audited by the Auditor before proposing to the Board of Directors for consideration and approval, inquired the auditor and executives in the issues of accuracy and completeness of financial statements and adequacy of information disclosure, as well as attended the meeting with the auditor without the presence of the Management for independent discussion on important issues in preparing financial statements and disclosing information which are useful for the users of financial statements. The Audit and Corporate Governance Committee remarked the opinion that the accounting and finance report preparation process of the Company has adequate control to ensure that financial report properly

presents financial position and operating result of the Company according to Accounting Standard, and discloses adequate information in financial statements.

## 2. Review of internal control system

The Audit and Corporate Governance Committee has jointly reviewed the internal control with internal auditor. Such a review has been conducted to assess the sufficiency and suitability of the internal control system in accordance with the internal audit standards including the security of the information systems. It also considered the audit result according to approved audit plan and to ensure that there were correction and improvement in accordance with the recommendations of the Audit and Corporate Governance Committee on a continual basis. The Committee will adjust and improve the internal control system to be in line with changing circumstances. From the internal audit result, there is no evidence of weakness or defect in the internal control system which may materially impact business operations of the company. The Audit and Corporate Governance Committee agreed that the company's internal control were independently carried out with sufficient and appropriate internal control system, performed under related laws and regulations.

## 3. Review of Company's Risk Management

The Audit and Corporate Governance Committee reviewed the Company Risk Management to ensure the Company put in place the appropriate and effective risk management measures. The Committee conducted follow-up on the assessment of risks that might arise from changes in business landscape, financial risk, Interest rate risk, market risk and operational risk, to manage and mitigate risks on a regular basis. Base on the review, it was noted that the risk management were implemented effectively and adequately.

## 4. Review of Good Corporate Governance, Compliance with Relevant laws & Regulations

The Audit and Corporate Governance Committee reviewed the Company's adherence to Good Corporate Governance

principles and Code of Conduct guideline including compliance with rules and regulations and also assigned Office of Internal Audit to consistently review and audit effectiveness of company and anti-corruption implementation of good corporate governance and system of internal controls. The Audit and Corporate Governance Committee is of the opinion that the company has always acted in compliance with laws, regulations and relevant rules.

#### **5. Review of Connected Transactions or Transaction that may lead to conflicts of interest**

The Audit and Corporate Governance Committee verified the appropriateness and adequacy related to rule and practice for entry to perform connected transactions or transactions that may have conflict of interests, verified transactions within the nature of connected transactions or transactions that may have conflict of interests that occurred during the year, as well as verified any of the said information disclosure to be proper and complete pursuant to the relevant notification, requirement and practical guideline of The Stock Exchange of Thailand. The Audit and Corporate Governance Committee remarked that the said transactions which occurred during the year have been in accordance with business regularity under the Company's benefit and disclosure of adequate information.

#### **6. Selection and Proposal for appointment of the Company's External Auditor**

The Audit and Corporate Governance Committee considered and selected the auditors of the Company based on the qualifications and independence of the auditor, including their expertise, experience, performance, scope of audit as well as the appropriateness of the quoted audit fee. In 2019, the Audit and Corporate Governance Committee has selected the auditors of EY Office Limited and considered the auditors remuneration and propose to the Board of Directors to reappoint EY Office Limited as the Company's auditor for another period. The Audit and Corporate Governance Committee deemed that the auditors had good understanding of the Company's Businesses, practiced in a neutral and independence manner, The Board of Directors proposed in return will propose to the Annual General Meeting of Shareholders 2019 to appoint EY office Limited as the Company's auditor for another period.

#### **7. Annual Review of Audit and Corporate Governance Committee's Charter**

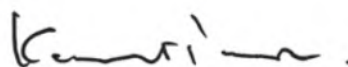
The Audit and Corporate Governance Committee reviewed their Charter annually to ensure that its assigned duties were achieved and that its performance was aligned with SET's Audit Committee Best Practice Guideline.

#### **8. Self Assessment of The Audit and Corporate Governance Committee**

The Audit and Corporate Governance Committee conducted a self-assessment of its performance individually, in order to ensure that its performance was effective and supportive of good corporate governance of the company as well as to ensure that its composition, qualifications and performance are appropriate within its authority and scope of responsibility. Based on such assessment, the composition and qualifications of the committee were determined to be appropriate, and the performance was effective and aligned with its authority and scope of responsibility as stated in the Audit Committee charter.

In summary, the Audit and Corporate Governance Committee performed its duties specified in the Board-approved charter with caliber, prudence, and adequate independence in equitable interests of stakeholders. In its opinion, Company's financial reports were accurate and reliable, and met Financial Reporting Standards. The Company possessed adequate risk management control, appropriate internal control and internal audit systems, in compliance with good corporate governance, regulation, law, requirements, and obligations relevant to its businesses.

On behalf of the Audit and Corporate  
Governance Committee



(Mr. Kasemsit Pathomsak)

Chairman of Audit and Corporate Governance Committee  
27<sup>th</sup> February 2020

# THE BOARD OF DIRECTORS' REPORT

## Annual Results of Operations and Future Outlook

Year 2019 continued to show severe competition. However, in year 2019, in spite of the Company having higher construction costs due to the increase in fuel, material prices and wages, the Company managed its projects very efficiently and was therefore able to increase its gross margins from 2.45% in the previous year to 4.54% in the current year resulting in the Company reporting an unconsolidated net profit (Company only) of THB 89 million. Tendering for new projects in 2019 remained very competitive, and therefore, the Company had to secure certain projects with very minimal tender margins in the extremely competitive bidding environment. However, in year 2019 the government made great efforts in improving the public transportation infrastructure all over the nation and the proposed development of the eastern economic corridor (EEC). As such, the Company bid and secured a number of new projects as a result of which, the Backlog of the Company as of 31-Dec-19 is approximately THB 12,696 million, which is one of the highest backlogs the Company has ever had in the past. With this level of backlog, construction revenue is expected to increase in the year 2020.

On 11 January 2019, the Meeting of the Board of Directors of the Company No. 442 passed a resolution to approve the establishment of a subsidiary, namely "Christiani & Nielsen Energy Solutions Company Limited", with a registered (share capital of THB 10,000,000/- (1,000,000 ordinary shares of THB 10/- each) and the subsidiary was established subsequently. The Company holds 85 % equity interest in this subsidiary. On 22 January 2019, the subsidiary registered its establishment with the Department of Business Development, Ministry of Commerce, and Thailand. This investment enables the Company to enter into the new renewable energy business which is the business of the future. This subsidiary has not been able to fully stabilize its business operations and therefore, couldn't contribute to the Company's profitability or revenues in this year.

Even though the Company believes that the market conditions in the construction business will continue to be challenging throughout 2020, for the above reasons, the Company has positive prospects for 2020 with its high backlog - the highest ever that the Company has had in the past! The Company's investment in India in year 2018 and new investment into the new renewable energy business in year 2019 is also expected to help.

During the current year, the Company changed its accounting policy regarding the measurement and recording of land value from cost method to revaluation method and the measurement and recording of the investment properties from cost method to fair value method in order to reflect the market prices of land and investment properties. The changes in this accounting policy is effective from the current year and for the change in accounting policy regarding the recording of the investment properties, the Company also restated the prior year's financial statements, presented for comparative purposes, as though gains or losses arising from change in fair value of investment properties was initially recognized in comprehensive income. Furthermore, the Company changed its accounting estimates with respect to the useful lives of buildings from 20 years to 20 years for certain buildings and 50 years for certain other buildings. The management of the Company believes that the new useful lives of the buildings are more appropriate and consistent with their expected economic benefits provided to the Company.

The Consolidated Financial Statements reported a net profit for the year 2019 of THB 70 million as against a net loss (restated) of THB 369 million for the year 2018. This was mainly because the Company's gross margin for the period was 4.54%, which is higher than that of the same period last year, which had a gross margin of 2.45%. There was also an increase in construction revenue by THB 117 million or 1.6%. The main reason for the loss in the previous year

2018 apart from the lower gross margin, was the provision for allowance of doubtful accounts of THB 213 million and the legal advisory fees of about THB 42 million. In addition, during the current year, the Company changed its accounting policy regarding the measurement and recording of the investment properties from cost method to fair value method as explained above. As a result, the Company booked a profit on change in fair value of investment properties of THB 68 million in year 2018 and THB 31 million in year 2019. As a result of cash receipt of debt recoverable of THB 64 million, other income is higher in this year by THB 64 million. Furthermore, in year 2019, a sum of THB 30 million was provided for as the Company recognized the impact of the

new Labor Protection Act (Issue 7), B.E. 2562 in the 2nd quarter of 2019.

### Financial Review

The Company and its subsidiaries' total construction income for year 2019 was THB 7,240 million. Total construction and direct expenses were THB 6,912 million, which resulted in a Gross Margin of THB 328 million. After other income of THB 108 million, less administration expenses of THB 329 million, financial expenses of THB 22 million and income tax of THB 15 million, the Company ended the year with a consolidated net profit (after tax) of THB 70 million.

### Appropriation

The Board of Directors proposes to appropriate the earnings of the Company for year 2019 as follows:

Retained Earnings brought forward	194,577,426	Baht
Operating Result for year 2019	89,005,353	Baht
Cumulative effect of change in accounting policy for measurement of the investment properties	103,986,468	Baht
Reversal of gain on valuation	1,060,071	Baht
Legal reserve	(4,500,000)	Baht
Dividend payment	(41,116,166)	Baht
Unappropriated retained earnings carried forward	343,013,152	Baht

The appropriation as above is being proposed for approval at the next Annual General Meeting of Shareholders.



(Mr. Khushroo Kali Wadia)  
Managing Director and Executive Director

# FINANCIAL HIGHLIGHTS

(Unit : Baht Million)

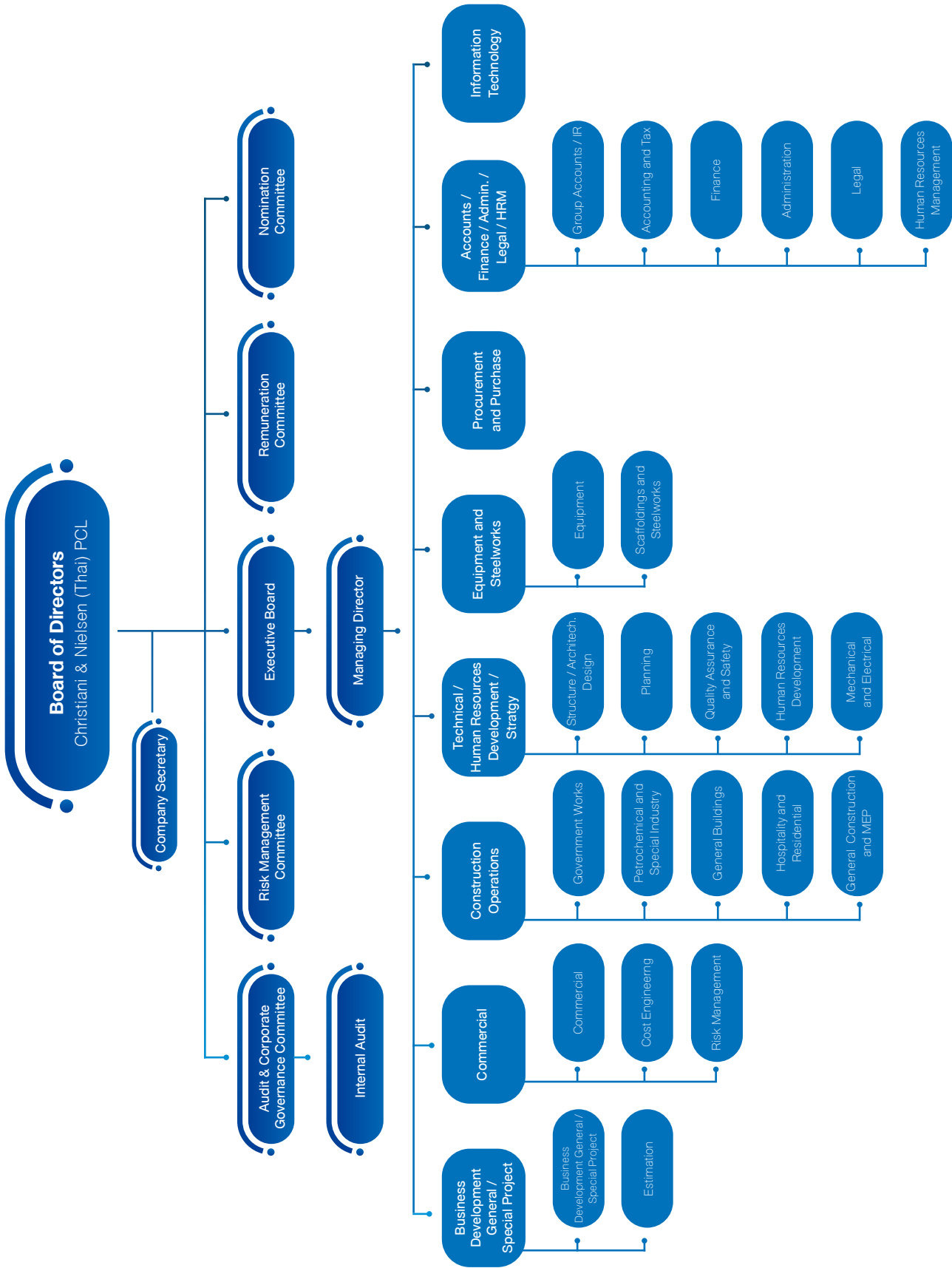
Statements of Financial Position	2019	2018 (restated)	2017 (restated)
Total Assets	6,721	5,774	5,862
Total Liabilities	4,634	4,210	3,879
Total Shareholders' Equity	2,087	1,564	1,983

Statement of Income	2019	2018 (restated)	2017
Construction Income	7,240	7,123	7,851
Total Revenues	7,348	7,204	7,944
Cost of Construction and Admin Expenses	7,241	7,516	7,807
Gross Profit	328	174	363
Profit (Loss) before Finance Cost and Income Tax	107	(312)	137
Profit (Loss) for the year	70	(369)	96

Dividend information	2019	2018 (restated)	2017 (restated)
Book value per share (Baht)	2.03	1.52	1.93
Earnings per share, Company Only (Baht)	0.09	(0.37)	0.10
Cash dividend declared for the year per share	0.04	-	0.10
Cash interim dividend paid out per share	-	-	0.05

Financial Ratio	2019	2018 (restated)	2017 (restated)
Current Ratio (times)	1.07	1.06	1.22
Gross Profit Margin (%)	4.54	2.45	4.62
Operating Profit (Loss) Margin (%)	1.48	(4.38)	1.74
Quality of Earnings (%)	(71.91)	(121.31)	98.72
Net Profit (Loss) Margin (%)	0.96	(5.12)	1.21
Return on Equity (%)	3.86	(20.79)	5.02
Return on Assets (%)	1.13	(6.34)	1.77
Debt to Equity Ratio (times)	2.22	2.69	1.96
Interest Coverage (times)	11.11	(45.25)	9.56
Dividend payout ratio (%)	46	-	100

# ORGANIZATION CHART





# TYPE OF BUSINESS OPERATIONS AND INCOME STRUCTURE

Christiani & Nielsen (Thai) Public Company Limited was found in 1930 with initial registered capital of 600,000 Baht. The Company's principal shareholders were Christiani & Nielsen A/S, Denmark, The East Asiatic Co., Ltd. and the Privy Purse Bureau (Crown Property Bureau). The Company share registered as at 30 December 2019 was 1,102,904,144.- Baht with paid up capital of 1,027,904,144.- Baht. The major shareholder of the Company is Thailand registered company named Globex Corporation holding shares of 56.535 %

## Business Policy

To ensure that the Company's business operation shall reach the utmost benefits of all stakeholders, the Company had adopted the policy subject to the principles as under:

### "Mission Vision" Statement

With a century of operations, we have a unique place in Thailand's development, and will firmly continue to build a strong foundation for its future. We aim to be the most highly regarded construction company in Thailand and ASEAN, by delivering excellence to our clients, honoring our commitments and nurturing each one of our people.

### Core Competency

- Achievement orientation
- Cost effectiveness
- Customer focus
- Initiative
- Alertness

### Corporate Objective/Long Term Goal

- Strategy: Foundation for business sustainable growth
- Set up Business Unites
- New Compensation Policy
- Reinforce Human Resources Development
- Expand to AEC countries
- Diversify to new businesses

The Company's top management regularly held a meeting at least twice a year to review the policy and action plans according to Company's strategy to ensure the successful accomplishment of the Company's objectives and goals.

Moreover, the Ex-com Meeting is being held weekly to review its operation, the progress of works, problem solving and preventive measure in order to achieve the Company's business plan.

## About us

Christiani & Nielsen was established by Dr. Rudolf Christiani and Captain Aage Nielsen in Copenhagen, Denmark in 1904. The founders incorporated technologies and their expertise to build bridges, marine works, and other reinforced concrete structures. Within less than ten years the company was widely recognized and had gain credibility. After that the operations were extended to other countries in Europe, South America, and South Africa.

Christiani & Nielsen is a world class building contractor that has earned its reputation from civil engineering and structural works. The company is well known for its high experience, expertise, and up-to-date technology. With over one hundred years of experiences abroad and over eighty-nine years in Thailand the company has participated in numerous significant engineering projects. We developed and produced reinforced concrete load relieving platform and vertical raking piles that were used for building wharf. We developed technique for wharf construction that later became known as "the C&N Wharf". In addition we also developed immerse tube for underwater tunnel construction and cast push method for bridge construction. Those techniques have been repeated and developed for use worldwide. Knowledge and expertise have been passed down from generations to generations, resulted in numerous types of building projects and country landmarks across the world. Road, bridge, dam, seaport, tunnel, airport, gas separation plant, sport stadium, monument, high rise building, and residential building are examples of our accomplishments.

## Significant changes and Development

### The first 25 years in Thailand (1930-1955)

Christiani & Nielsen (Siam) Ltd. was found on February 28, 1930 and officially registered as a private limited company on November 10, 1930. Its major shareholders were Crown Property Bureau, East Asiatic, and Christiani & Nielsen Copenhagen. Later in 1949 the name of the company was changed to Christiani & Nielsen (Thai) Limited.

Company's projects in the first 25 years were roads within Bangkok, roads to other provinces, bridges, factories, cinema, and many others. Furthermore, the company also built country landmarks like the Democracy Monument (completed in 1940) and Kong Toey port (completed in 1941).

### **50-75 years in Thailand (1956-1980)**

During those period reinforced concrete was increasingly used in the construction industry. The company used it to build a 10-storey tall Oriental Hotel (completed in 1958). It was considered the very first high rise building in Thailand. In addition the company also built highways, Reinforced Concrete Bridge (connecting Bangkok and Thonburi), airport, dam, banknote printing factory, and industrial factories. Building industrial factories during those period was to accommodate the first national economic and social development plan (1961-1966), which meant to boost investment in industrial sector. That marked the beginning of industrialization era in Thailand.

### **75 years onwards (1981-2005)**

Oil and natural gas were found in Thai Gulf. The discovery played a vital role in promoting Thailand economic growth. Christiani & Nielsen was active in many developmental projects in the Eastern Seaboard. Some of the company's projects during that time were oil drilling, infrastructure for gas pipeline, drilling platform, golf course, hotel, resort, housing complex, large size office complex for both local and foreign investors, and many more.

In 1991 Christiani & Nielsen became the first construction company that was listed on the Stock Exchange of Thailand. In November 1992 the company was renamed Christiani & Nielsen (Thai) Public Company Limited. In December of the same year the company did a reverse takeover from its publicly listed Danish parent company which was the first in Thai business history. Resulting from the economic crisis in 1993, the Company had to cease its operation overseas. The business since then was concentrated in Thailand only.

Throughout all the years Christiani & Nielsen (Thai) Plc. Ltd. has engaged in countless of projects, many of which are Thailand landmarks that symbolize the country development. At the 85<sup>th</sup> anniversary the company purchased a land instead of leasing it to build a new head office, and also moved plant yard and steel structure factory to a new location that was far

away from community to avoid disturbance. In addition training center was created to serve as a place for skills development for our staffs and labours. All in all we determine to carry on the founders' wishes which are to accomplish business goal and care for the social and sustain the environment.

To accommodate the growth of ASEAN community, on 15 July 2016, the company had established a new 100% own subsidiary in The Republic of the Union of Myanmar namely Christiani and Nielsen (Myanmar) Limited to provide construction, engineering and related services with registered capital of US\$ 500,000 and paid up capital of US\$ 100,000. The Company had additionally paid for its investment 3 times by paid of USD 100,000 per time on 16 March 2017, on 2 July 2018 and on 9 December 2019, respectively, which at present the total paid up capital is USD 400,000.-

On 4 July 2017, the company had established a new 100% own subsidiary in Kingdom of Cambodia namely Christiani & Nielsen (Cambodia) Co., Ltd. to provide construction, engineering and related services with registered capital of US\$ 100,000 with fully paid up capital of US\$ 100,000.-

In year 2018, the Company entered into an Investment Cum Shareholders Agreement (the "Investment Agreement") for a minority equity investment in Gammon Engineers and Contractors Private Limited (GECPL), a private company based in India. The Company acquired a newly issue 6,000,000 shares with par value of 35 Rupee India each or equivalent to TH Baht 104 million. The Company views this as an attractive investment as its offers the Company a way to tap into GECPL's large technical resources and also gives access to the large Indian market.

In year 2019, the Company established a subsidiary in Thailand, namely "Christiani & Nielsen Energy Solutions Company Limited" with the registered share capital of Baht 10 million. The Company holds 85% equity interest in this subsidiary. The objective of this investment is to explore and capture the growing opportunities in the solar, wind and other renewable energy business in order to diversify from the Company's main business, i.e., construction in which the market competition has recently become fiercer. Including the benefit of financial returns, mitigation of concentration risk associated with having a single business,

and to enhance the Company's long term sustainability and reputation by entering into a business of the future.

On 19 July 2019, the Company was registered as Professional Practice (Juristic Person) under Engineering Act. B.E. 2542 with Council of Engineers. Registration No. 1551/62.

### **Changing in Shareholding Structure**

Since 2005, the Company's Shareholders changed several times starting from May 2008, when longstanding major shareholder, Siam Commercial Bank PCL, sold its stake to the Crown Property Bureau, giving it a majority share. However, owning a construction company no longer fit with the long term business strategy, and in November 2011, the Crown Property Bureau sold all its shares to the GP Group, the company with a history that goes back more than 145 years in Thailand since 1918, through Globex Corporation which then became the major shareholders of the Company.

### **Standard and Certifications**

Throughout the years, CNT is committed to conducting business in a manner that adheres to construction international standards and certifications. This is so that we can create sustainable value for the business and meet the satisfaction of all stakeholders. At present, the company has received the latest quality management system certification, ISO 9001: 2015 from the United Kingdom and Accreditation Service (UKAS), which is an international standard that business organizations around the world trust in ensuring the quality of their organizations, and also from the National Accreditation Council of Thailand (NAC). In addition, the company has also been certified by the OHSAS 18001: 2007 Occupational Health and Safety Management System by Bureau Veritas Certification, which is a credible health and safety management standard. As a result, the company has been continuously receiving many awards in quality and safety from project owners.



# INCOME STRUCTURE

At present, the Company's and its subsidiaries are principally engaged in the Construction Business and Holdings Company, properties development and Provision of services for energy solutions in solar, wind and other renewable energy sectors, as at 31 December 2019, the Company has 4 Subsidiary Companies (year 2018 has 3 Subsidiary Companies) as follows:

Subsidiary Company	Type of Business	2019		2018	
		Paid up Capital	% of Share-holding	Paid up Capital	% of Share-holding
CNT Holdings Limited	Construction Business & Holding Company	Million THB 50.00	60	Million THB 50.00	60
Christiani and Nielsen (Myanmar) Limited	Construction, engineering related services	Million USD 0.4	100	Million USD 0.3	100
Christiani & Nielsen (Cambodia) Co., Ltd.	Construction, engineering related services	Million USD 0.1	100	Million USD 0.1	100
Christiani & Nielsen Energy Solutions Company Limited	Provision of services for energy solutions in solar, wind and other renewable energy sectors	Million THB 10.00	85	-	-

## New subsidiary

On 11 January 2019, the meeting of the Board of Directors of the Company No.442 passed a resolution to approve the establishment of a subsidiary in Thailand, namely "Christiani & Nielsen Energy Solutions Company Limited" with the registered share capital of Baht 10 million (1,000,000 ordinary shares of Baht 10 each). The Company holds 85 % equity interest in this subsidiary. On 22 January 2019, the subsidiary registered its establishment with the Ministry of Commerce.

## Subsidiary in Myanmar

At the Executive Board of Directors Meeting held on 11 July 2016 it was resolved to establish the 100% own Company Subsidiary in The Republic of the Union of Myanmar namely Christiani and Nielsen (Myanmar) Limited with the registered capital of 500,000 USD (500,000 ordinary shares with par value of 1 USD each) and paid up capital of 100,000 USD (100,000 ordinary shares with par value of 1 USD each). The registration was made with the Directorate of Investment and Company Administration (DICA) in The Republic of the Union of Myanmar on 15 July 2016. The Company had

additionally paid for its investment 3 times in Christiani & Nielsen (Myanmar) Limited by paid of USD 100,000 (100,000 ordinary shares of USD 1 each) per time on 16 March 2017, on 2 July 2018 and on 9 December 2019, and registered the additional issued and paid up share capital with the Directorate of Investment and Company Administration of The Republic of the Union of Myanmar of USD 100,000 (100,000 ordinary shares of USD 1 each) on 29 March 2017, on 9 July 2018 and on 16 January 2020, respectively, which at present, the total paid up capital is 400,000 USD (400,000 ordinary shares with par value of 1 USD each).

## Subsidiary in Cambodia

At the Executive Board of Directors Meeting held on 15 June 2017 it was resolved to established the 100% own Company Subsidiary in Kingdom of Cambodia namely, Christiani & Nielsen (Cambodia) Limited to provide construction, engineering and related services with registered capital of US\$ 100,000 and fully paid up capital of US\$ 100,000 (100,000 ordinary shares with par value of 1 USD each). The registration was made with Registrar of Companies Office in

United Kingdom of Cambodia on 4 July 2017. The Company paid its capital investment in Christiani & Nielsen (Cambodia) Co., Ltd. on 21 July 2017.

During the year 2012 and year 2013, the Company sold 1.25 million shares and 0.75 million shares equivalent to 25% and 15% respectively of registered and paid-up share capital of CNT Holdings Limited to a related company at

Baht 21 per share, at an aggregate value of Baht 26.25 million and at Baht 29 per share, at an aggregate value of Baht 21.75 million respectively. As such the Company's holding in CNT Holdings decreased from 100% to 75% and to 60% respectively.

The main income of the Company came from the construction operations as detailed hereunder based on type of business.

#### Revenue Structure from the Operation of Christiani & Nielsen (Thai) PCL, and Subsidiaries

Revenue	2019		2018 (restated)		2017	
	Million Baht	%	Million Baht	%	Million Baht	%
Construction Income and service	7,240	98.53	7,123	98.88	7,851	98.83
Reversal of allowance for doubtful accounts	64	0.87	-	-	32	0.40
Gain from change in fair value of investment properties	31	0.42	68	0.94	-	-
Interest Income	9	0.12	11	0.15	42	0.53
Other Income	4	0.06	2	0.03	19	0.24
<b>Total Revenue</b>	<b>7,348</b>	<b>100</b>	<b>7,204</b>	<b>100</b>	<b>7,944</b>	<b>100</b>

#### Revenue Structure from the Operation of Christiani & Nielsen (Thai) PCL (Company only)

Revenue	2019		2018 (restated)		2017	
	Million Baht	%	Million Baht	%	Million Baht	%
Construction Income and service	7,220	98.46	6,949	98.76	7,849	98.62
Reversal of allowance for doubtful accounts	64	0.87	-	-	32	0.40
Gain from change in fair value of investment properties	31	0.42	68	0.97	-	-
Interest Income	8	0.11	10	0.14	42	0.53
Dividend Received	-	-	-	-	18	0.23
Other Income	10	0.14	9	0.13	18	0.22
<b>Total Revenue</b>	<b>7,333</b>	<b>100</b>	<b>7,036</b>	<b>100</b>	<b>7,959</b>	<b>100</b>

The group's revenue which consisted of construction income and other income, the information of income as presented on the statements of income for the year ended 31 December 2019.

# TYPE OF BUSINESS AND OPERATION

## The Nature of Business Operation

Christiani & Nielsen is a leader in the construction industry in Thailand providing a wide range of services including design and construction of building and civil engineering projects, design, fabrication and erection of steel structures and mechanical and electrical installations. Construction Operations are set up in Business Units including Government Business Unit, Petrochemical and Special Industry Business Unit, Buildings Business Unit, Residential and Hospitality Business Unit and General Construction and MEP Business Units.

## Market Sectors

The Company works in both the Government and Private Sectors. The types of construction projects are as follows:

### Buildings:

retail hypermarkets and stores, distribution centres, universities, schools, hospitals, offices, condominiums, hotels, refurbishment and renovation and other commercial buildings and residential.

### Industrial:

Industrial plants, factories and warehouses. Petrochemical and Power Works.

### Infrastructure:

Airport, mass transit, roads, highways, bridges, overpasses, sports facilities, water distribution and wastewater collection tunnels, gas pipelines, flood protection, waste water treatment plants, and etc.

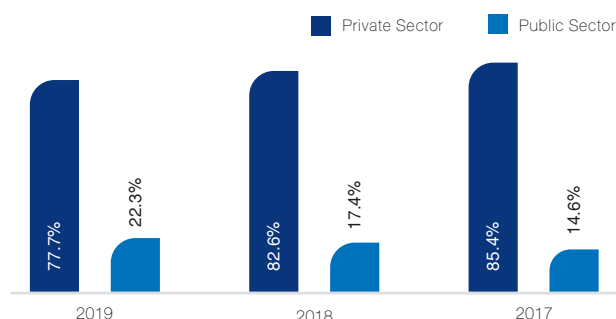
## Construction income

Currently the operations of the Company and its subsidiaries divided into 2 parts as follows:

- Main activities - operates its construction business in Thailand and countries in ASEAN, namely the Republic of the Union of Myanmar and the Kingdom of Cambodia. However, during the year, the operations of the subsidiaries did not contribute significant income.
- Sales and providing energy solutions in Solar, wind and other renewable energy sectors through its 85% shareholding subsidiary in Thailand, the operations of this subsidiary did not contribute significant income.

Therefore, the main revenue of the Company comprised construction income in Thailand.

Construction Income during the past three years is split by type of client and by type of work as follows:



Unit - Million Baht

Type of Construction	Value 2019	%	Value 2018	%	Value 2017	%
General and Industrial Factory	2,554	35%	2,837	40%	2,655	34%
Petrochemical & Energy	901	12%	255	4%	-	-
General Buildings	2,570	36%	643	9%	897	11%
Commercial Buildings	117	2%	2,703	38%	3,574	45%
Hotel/Residential	265	4%	103	1%	276	4%
Civil Works	832	11%	582	8%	449	6%
<b>Total</b>	<b>7,239</b>		<b>7,123</b>		<b>7,851</b>	

## Business Operation

The Company's main construction projects are from Government and Private Sector. The Company tendering status can be classified as follows:

### Main Contractor

As a main contractor, the company will directly tenders with the owner. However, the company will join with the other business partner for projects that require specific expertise and complex mega projects that worth high value. In addition, the company will consider joining with other partner so as to combine qualifications, experience, expertise, and to mitigate the risk exposure. There are two types of business alliance; (1) Joint Venture and (2) Consortium.

- (1) Joint Venture is the co-investment in construction project that the amount of work cannot be divided. Each Joint Venture is liable for profit and loss in accordance with an agreed proportion.
- (2) Consortium is a partner in project that amount of work and revenue can be divided. Each consortium's liability is independent from each other.

Tendering directly with the owner either as solo company or joint venture or consortium, the company may hire sub-contractor to do part of the works.

### As a Sub-contractor

In the project that requires special qualifications and experience the company is lack of, then the company will tender as sub-contractor. Projects that the company will tender as Sub-contractor are infrastructure and Engineering Procurement and Construction (EPC). Projects such as Petrochemical Plant, Oil Refinery, Power Plant, Electric train transportation system, for instance, the company will consider combining expertise and entering bidding as sub-contractor or the main contractor.

In addition to all the above projects the company has been exploring more opportunities to partner with government and private sectors or so call Public Private Partnership (PPP). However, the company needs to consider the terms and conditions of the investment as well as funding in a more thorough detail.

## Construction Process

After receiving a formal acceptance from the Owner by either Letter of Intent (LOI) or during the process of signing a Construction Contract, a meeting between all concerned departments and individual Business Units will be held to co-ordinate and discuss detailed estimates and construction plans to ensure that the project will run according to plan and can be delivered to the customer on time and within the budget.

The Company will appoint a Project Manager to be the representative of the Company at the Construction Site. The duties and responsibilities of Project Manager are as follows:

1. Prepare the main construction programme and budget.
2. Prepare a sub-programme in accordance with the main program, prepare the staff and labour chart, prepare the material and equipment list.
3. Meet with the Owner or representatives of the Owner to update on the progress of work and solve problems to ensure that the project is completed on time.
4. Prepare Payment Applications for submission and liaise on payments from the Owner.
5. Collect all Site Instructions or any evidence for all changes in construction drawings, variation orders, requests for additional value of work or requests for extension of time due to changes to the construction drawings or from other factors that might cause a delay to the project.
6. Control and monitor the construction work to ensure that it is in line with the construction plan and specifications. Check for the completion of all work before handing over to the Owner.
7. Handing over of important documents such as As-Built Drawings, certificate of material and craftsmanship and all documents specified as part of construction contract. To follow up for the repayment of Retention Money after the acceptance of works by the Owner and to collect the Performance Bond after the defect liability has ended.

## Marketing and competition strategy

- Over the past century, Christiani & Nielsen has constructed numerous projects, both for Government and the Private sector in 70 countries around the world. The Company is very well known since it was established in Thailand more than 89 years ago (at the very beginning of the country's development). The Company always abides with all contracts with its customers.
- The Company's construction quality has achieved ISO 9001:2015 standards in every project, including the Company's own new headquarters building. This serves as a guideline in business operations, and helps the Company achieve all customers' requirements, by focusing on efficiency, quality and safety to deliver each project to the customer on time and within the agreed budget.
- The company has potential developed and is ready for Design & Build projects, which can meet the satisfaction of owner like One-stop Service. For effective analytical and control of construction design, the Company is now using the BIM (Building Information Modeling) technology for design and calculation through the digital model of physical and functional characteristics of buildings.
- Where appropriate, the Value Engineering process to analyze and re-design for the cost effectiveness and absolute value of utilization shall be proposed to the customer to reduce time and cost with the required quality.
- The Company has highly qualified personnel and each of its top executive officers has rich experience in the construction business, including knowledge on various type of construction and the different benefits and difficulties of various methods of construction. The Company has set out a clear policy to further develop its personnel with a modest knowledge of the construction business.

## Type of customers and target group

- The Company's customers consist of Government units, educational institutions, and the private sector. There are different kinds of industries in the private sector, such as agricultural and food, electronic,

petrochemical, energy, tourism, modern trade etc. The Company always maintains good relationships with each of its customers, which encourages them to return to the Company for their future requirements either in the Country or other countries in ASEAN.

- From the Government's investment policies to enhance the competitiveness of the country by accelerating construction projects such as mass transportation, the expansion of the electrical public train system, airports, seaports and numerous other infrastructure projects which are waiting for approval for the development of the eastern economic corridor (EEC) under Thailand 4.0 Model as such, the Company can expect to secure a significant share in this sector.

## Pricing Policy

Quotation for bidding for a project is based on the following principles:

- 1) Fixed Price System - Under this system, the firm will offer a fixed price and will be responsible for any changes in cost and expenses. In construction contracts made with the Government and Private Sectors, conditions in cost adjustment will be included, such as inflation (Government Sector), and client specifications, and the client is responsible for the cost of extra works or change orders.
- 2) Unit Price System - The bidder usually proposes its price for materials and manpower in terms of unit price, and the client pays according to the actual quantities. Cost adjustment will be specified in the contract in the same manner as that of the fixed price system.

The client, however, will specify which price system is to be applied. The Company sets its basic profit as a percentage of project cost depending on existing parameters, such as competition, complexity of work and raw material availability, etc.

## Procedures

Senior management, Head of each Business Unit, together with the Business Development Department, have a duty to deal with incoming clients, search for information on Government and Private Sector projects from all available



sources, follow up on information from consulting companies and deal with project owners and project consultants, if possible. From such sources of information, the Company is able to bid for and win new contracts regularly.

Generally, there are 3 procedures associated with bidding for a contract:

#### **(1) Bidding**

In bidding for Government projects, all bidders must be qualified according to pre-qualification requirement. For private sector projects; the owner, designer or consultant will consider the qualification and financial performances of the contractors before issuing the invitation to bid to those contractors.

Once the Company makes the decision to bid for a project it will proceed as follows:

- 1.1) Purchase the bidding documents;
- 1.2) Prepare the bid in 3 parts:
  - 1.2.1 Commercial preparation - preparation of legal, financial and company profile documents. Considering contract's requirement e.g. all insurances, payment terms and special requirements according to contracts. Contact financial institutions for bank guaranties;
  - 1.2.2 Cost estimation preparation i.e. site inspection, quantity take-off, materials quotation and sub-contractors quotations in case of special requirements; and
  - 1.2.3 Construction planning including construction method, procurement of tools and equipment, staff allocation according to each type of construction project.
- 1.3) Conduct cost and expenditure estimation with respect to the details and procedures specified in the bidding document, then submit them on the date, time and at the place designated by the project owner.

#### **(2) Direct Negotiation**

The project owner, sometimes, relies on the reputation and experience of the Company, so it prefers the Company to quote the price with respect to its or its designer's estimation, and then carries out a mutual

negotiation. Generally, the design is provided by the project owner; however, the Company may negotiate to do the design itself in addition to the construction. This reduces the time of construction of the project.

#### **Decision Making, negotiation and award of contract**

In bidding process, the procedure for the Owner and the Company are as follows:

1. The Company must pass the pre-qualification as defined by the Owner.
2. Purchasing Tender Document and calculate the bidding price according to the construction drawings and terms and conditions as stated in the tender document.
3. Submit the price according to Owner's criteria.
4. Clarification of database as required by Owner.
5. In evaluation of the bidding price, the Owner may ask for price re-submissions, short-list bidders or by e-bidding.
6. In selecting the successful bidder, there will be a lot of criteria for Owner's consideration such as Technical and Price. After a decision has been made, the Owner will inform in writing to the successful bidder.

#### **Distribution**

As the Company is a well-known construction company registered on the Stock Exchange of Thailand. The Company's main prospects are:

- (1) Its former and current clients;
- (2) Exclusive invitations to bid from project owners;
- (3) General mass communication and government's announcement;
- (4) Other sources such as shareholders, project consultants and acquaintances.

In case the Company is interested in a particular project, it will purchase the bidding documents and assign its Design department verify drawing or design in some work. Planning department work together with Estimation department to estimate the total cost of the said project as per the drawings and details obtained. The computation will be reviewed in quantity, price and conditions specified by the client. All details will be concluded in quotation sheets. Then all data

will be presented to the executives who are responsible for rechecking, before adding the profit and concerned taxes. This is the final price proposal. Once the proposal satisfies the client, then the Company will receive the letter of award. After that, the Estimation Section will forward the cost estimation details and drawings to the Construction Department for use in construction.

### **Company's Capability in Thailand Construction Business**

Christiani & Nielsen (Thai) Public Company Limited is a construction contractor listed on the Stock Exchange of Thailand. The Company's market share is around 5% of the listed construction companies with total revenue of more than 5,000MB a year.

The Company has long been established as one of the top and most highly reputable contractors, trusted by clients from both public and private sectors. The Company has never broken its promises and never will with its clients; neither has the Company ever shirked its responsibilities. Since the first day of operation until now the Company still holds on to these values. The Company has delivered every project with good quality, within the agreed price, and agreed timeline. With these credentials, the Company always qualifies to compete in every tender offered by both public and private sector.

In general, Government Sector and/or State Enterprises have laid tendering criteria in order to shortlist and pre-qualify the firms who are eligible to tender on their projects. The intention is to classify the capability of individual contractors by experience and project references, financial status, numbers of qualified staff, and construction related plant/equipment. Each firm will be determined according to the capability to tender the project in terms of size and values. Presently, the Company is registered and short listed as an eligible contractor to various Government Sectors, and especially to the Department of Highways as a First-class contractor who is qualified to bid and work on projects of unlimited size and value.

### **Business Outlook and competition**

The construction industry is correlated to the development of the country, especially, in a country such as Thailand, which has changed from agriculture to industrialization. The market

of this industry relies heavily on the growth of GDP which indicates the growth of the country. Hence, it depends on investment from government and private sector.

Since 2013 the Thai economy has been steadily increasing, however, the capital investment was not encouraging to construction industry. Moreover, the political situation both abroad and in Thailand do not encourage investors to invest more capital. There were moves of manufacturing base to the other countries. All of these factors impacted the investment decisions of both private sector and foreign investors. As a result construction industry is slow.

The construction market volume dropped dramatically, which created a business environment of high competition. The effects were that new bidding projects generally were not able to gain a satisfactory margin and this resulted in lower income than forecast.

However, the Government's mega projects, especially infrastructure development, were gradually released during the year but did not have a significantly positive impact on the construction business. During 2019, there were only few mega projects open to bid, most of the Government projects are Public Private Partnership which were carried on from the previous years. When these mega projects are released and started, it will create jobs for construction companies. Therefore, the environment of high competition will ease since contractors will not have to compete only in the private sector. The positive outlook of government spending, expansion of the private sector, urbanization, and industrialization will increase construction projects.

The Company is constantly reviewing tender margins according to the changing market conditions while, at the same time, continuing the process of improving competitiveness by reducing construction costs and improving productivity.

Through the professionalism, experience and training in engineering and project management of its team members, it is the Company's policy to focus its tendering for work with potential for future growth, such as projects in the industrial sectors, office and residential, hospital, petrochemical and energy, which require rapid construction and timely completion.

## **The Competitors in Construction Business**

In year 2019, though the Government's mega projects were released to drive the country's economy, it was at starting pace, the money generated from construction has not yet started contributing to the economy. Private investment, both local and foreign, is still at a slow pace. As such, the construction business has still not fully recovered. Construction companies had to compete in a challenging environment. All the companies tried to win projects from the Private Sector, regardless of its small volume. Large and medium size contractors competed in the same market. This kind of competition is unprecedented. At present, the Company is operating in a tough competition market with minimal chance to make high margins.

The Company focused its tendering on the projects where there is low competition, and in such cases, the contractor is required to have high capacity, potential and readiness, for example:

### **Private Sector**

With its vast experience, the Company can provide the construction which require speedy, qualified construction work such as large scale of industrial facilities which required high safety and qualified standard. This type of construction also include office buildings, hospitals, hotels, shopping mall, modern trade business and distribution centres.

### **Government Infrastructure**

The Company is registered as special class contractor with the Department of Highways, first class contractor with the Royal Irrigation Department, the Department of Rural Roads and Bangkok Metropolitan Administration, thus capable to tender for all sizes of work with unlimited credit lines for all construction projects of those departments. In connection with the construction projects for the mass rapid transit system, the Company keeps on discussing with partners both in Thailand and foreign countries for the collaboration in tendering the projects. The company is regularly collecting information on government infrastructure projects.

## **Energy, Oil and Gas**

The Company is one of few experienced companies undertaking this type of work, which is high value and involves a long construction period. These projects require international construction standards, specific know-how, high technology and high safety standards. The Company has constructed a number of projects for the PTT Group, IRPC and etc. During 2018, the expansion of Liquid Natural Gas (LNG) started and there are a lot of big projects to come from Thai Oil PCL's Green Project which is part of the driven plan of the country to become centre of power in AEC.

## **Education Facilities and Hospitals**

Construction of education facilities, normal or large scale hospitals which are complicated and required the installation of special equipment, the construction need to strictly follow the designs and finish in time. With Company's experiences the Company can satisfy Owners needs and standards.

## **Investment in Infrastructure projects**

Being partner with government and private sectors or so called Public Private Partnership (PPP) by investing in long-term concession projects from Government. Currently we are working on development of U-Tapao Airport and Eastern Airport City. The Company is still following up on the investments and aim to join with business partners for future projects, such as Development of Nakhon Pathom by Department of Airports, Mass Transportation in big cities and etc.

The Company had a plan to expand its construction business into other countries in ASEAN to serve existing customers, who were expanding their business into that region. In year 2016, the Company established a wholly owned subsidiary, Christiani and Nielsen (Myanmar) Limited, followed by the establishment of Christiani & Nielsen (Cambodia) Co., Ltd. in year 2017 to provide construction and engineering related services in The Republic of the Union of Myanmar and Kingdom of Cambodia, which have growing economies and are now developing infrastructure. In year 2019, the Company established a subsidiary in Thailand by holding 85% equity, namely Christiani & Nielsen Energy Solutions Co., Ltd. to enter into the renewable energy business, namely solar, wind and other renewable energies.

### Backlog as of 30 December 2019

The Company was awarded new contracts in 2019 with a total value of 6,727 Million Baht (excluding VAT), categorized by type of work as follows:

Type of Construction	Value (MB)	Percentage
Buildings	1,492	22.2%
Industrial	3,882	57.7%
Infrastructure	1,353	20.1%
<b>Total</b>	<b>6,727</b>	<b>100%</b>

These contracts are due for completion in Years 2020 through to 2022 as follows:

Year of completion	Value (MB)	Percentage
2019	893	13.3%
2020	1,195	17.8%
2021	3,286	48.8%
2022	1,353	20.1%
<b>Total</b>	<b>6,727</b>	<b>100%</b>

As at 30 December 2019, the projects wherein the value is more than 10% of the Total Revenue in the Financial Statements which are not handed over to Owners are as follows:

Project	Type of Construction	Value (MB)	Expect to completed	Operated by
RS Group Building	Civil & Buildings	813.0	2020	Company
Thungsong Interchange	Civil	905.1	2020	Company
Bangyai Spurline	Civil	1,486.6	2020	Company
Nurse Dormitory for King Chulalongkorn Memorial Hospital	Civil & Buildings	828.0	2020	Company
New Passenger Terminal at Khon Kaen Airport	Civil & Buildings	1,873.7	2021	Company
New Passenger Terminal No. 3 and The improvement of Terminal No. 1 and No. 2 and Car Park Bldg. Krabi International Airport	Civil & Buildings	2,732.1	2021	Company
PTT LNG Admin. Building	Civil & Buildings	1,085.0	2020	Company
PTT LNG.Tanks	Civil	1,564.9	2021	Company
Highway No. 3191 Map Tha Phut	Civil	1,352.7	2022	Company
Long Term Warehousing, Thailand	Civil & Buildings	1,410.0	2021	Company

### Procurement of Products or Services

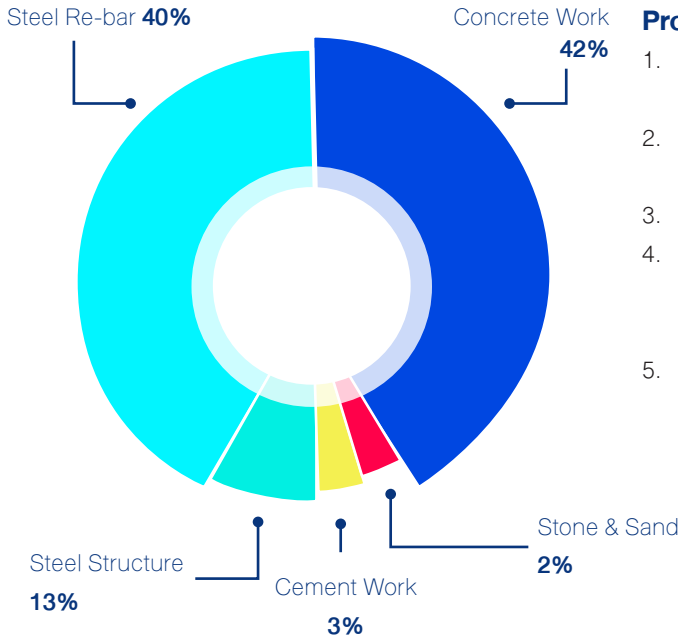
The Company has procured products and construction material from various sources both domestic and overseas under the quality management system to meet with standard, specification and purpose of the Owner. The Company had introducing the ERP (Enterprise Resources Planning) system

to enhance the procurement of products and materials process by adding more systematic control and recoding process. The process of issuance of purchase order, inventory management are more efficient by controlling and reducing the construction material waste.

**Description of key construction materials purchase during the year 2015-2019**

Descriptions	Purchasing Value: Million Baht									
	2019	%	2018	%	2017	%	2016	%	2015	%
Concrete Work	662	42	741	51	586	42	705	48	503	43
Cement Work	46	3	35	2	62	5	35	2	44	4
Stone & Sand	33	2	41	3	59	4	50	3	99	8
Steel Structure	202	13	235	16	291	20	251	17	189	16
Steel Re-bar	638	40	397	28	414	29	435	30	344	29
<b>Total Value of Year</b>	<b>1,581</b>		<b>1,449</b>		<b>1,412</b>		<b>1,476</b>		<b>1,179</b>	

**Description of key construction materials purchase the year 2019**



Construction materials are normally use in average, therefore, there is no construction material being used is more than 50% of total volume purchased.

**Procurement process**

1. Define master procurement plan for material and subcontractor
2. Prepare material details such as quantity, detail of product and material, standard and specification.
3. Specify the delivery schedule.
4. Selection of suppliers, subcontractors by considering quality, standard, price, availability of resources, delivery period, and etc.
5. Agree price, issuance of purchase orders, quality checking, scope of work and responsibility, delivery program, and etc.

# SIGNIFICANT RISK FACTORS

The Company is aware of the importance of risk management in operating its business under the internal and external factors that affect the company's operations. Thus, the Risk Management Committee was appointed on 20 February 2013. The Committee was established to consider the efficacy of the Company's risk management policies. For the structure, roles and duties of the Risk Management Committee, please refer to "Management Structure" of this Report.

In addition, the Company has the Risk Management Department overviewed by the Risk Management Committee which is responsible for the risk management process of the Company, overall evaluation and review of both, the internal and external risk situations, as well as reporting the risk factors to the Board of Directors.

The important risk factors that may affect the Company's on-going and/or future business which may affect the investors and internal and external stakeholders are as follows:

## Market Risk

The Company's main revenue comes from construction projects for both, the Government & Private Sectors. The Company's growth mainly depends on the domestic property and construction markets which are driven by various uncontrollable factors, viz. economy, production and export situation, monetary and fiscal policies as well as the political environment. The Company proactively takes steps to ensure that it gets consistent and sufficient volume of work despite the prevailing market conditions.

The Company thoroughly assessed the market and settled a strategy for bidding to mitigate the risk factors associated with the state of the property and construction market. The Company selected and focused on potential projects to increase the work, as well as used all the resources available to it to make its bids for projects as competitive as possible.

The Company reviews and adjusts the level of tender margins according to market circumstances, with a long term view, to reduce construction costs and increase productivity in order to improve overall competitiveness.

The Company has expanded its business into the ASEAN countries by way of setting up a wholly-owned subsidiary in The Republic of the Union of Myanmar in 2016, namely "Christiani and Nielsen (Myanmar) Limited" and "Christiani & Nielsen (Cambodia) Co., Ltd." in Kingdom of Cambodia in 2017 to provide construction, engineering and related services in the aforesaid countries which has a growing economy and is now developing infrastructure. Therefore, the Company will also be exposed to similar market risks in those two countries as well as any other ASEAN countries which the Company may expand to in the future.

## Operating Risk

The Company is exposed to different levels of operating risks such as accidents, mechanical failure, human error, political action, labor strikes, adverse weather conditions and other circumstances and events. These could result in increased costs or loss of revenues. However, to cover against most of these risks, the Company ensures that contractors' all risks insurance is available for each of the project which the Company executes.

## Construction cost

Generally, construction contracts envisage a lump sum price, which means that the Company has to absorb the risk of construction cost. In some cases, construction contracts may have conditions to allow increase or decrease of pricing from changing work price per unit of material as per an escalation formula, for example, most government contracts. However, the escalation formula will adjust only certain materials and the contractor has to be responsible for the first 4% of price increase in certain contracts.

All projects require time to construct, and the time frame may be tight or relaxed, depending on the construction contract. The Company cannot set an unreasonably high price or demand too long a construction period, as either of these may cause the Company to lose the project to a more competitive bidder. Therefore, in order to remain competitive, the Company has to manage the overall purchasing volume by ordering big lots to help in bargaining and sign material contracts as early as possible. In order to mitigate the time risks, including fluctuation of material price over time, the Company favors projects which have manageable construction periods, or projects that are

split into multiple phases. This allows the Company to adjust the pricing in case of higher material costs in the later phases. Therefore, agreement with owner to supply main materials in such case may also applied.

### **The delay of construction**

Projects may be delayed due to external factors, one of which is by the employer, for example, delay in hand-over of the relevant areas, delay in approval of matters or requiring numerous changes or additional work, without appropriate time extension. Delay may also be caused by other employees, for example, inefficient material suppliers, laborers, and/or subcontractors. Force majeure events may also cause delay of projects, i.e., events completely beyond the reasonable control of either the employer or any employee, e.g. rebellion, war or a natural calamity. In case of such delays, the Company is exposed to the risk in fluctuation in price of materials and other potentially unforeseen expenses. In case the Company is not adequately compensated in the event of such delays, the Company may face a loss or have to litigate with the employer to secure its rights.

Before signing the contract services, the Company has a policy to review draft contracts carefully, including inserting provisions to mitigate the abovementioned risks, when necessary. The Company also has a focused and dedicated training program to improve employee/labour skills and efficiency. Further, each project manager prepares a detailed schedule plan, and closely monitors such plan. The project managers will concisely control work and arrange regular meetings with the management to track the progress of work every week. As such, the management is aware of any problems and accordingly allocates resources, including revising strategies to solve such problem in a timely manner.

### **Overdue payments**

The Company's main income is from providing construction services, where normally, payment is made in installments based on the progress of work done, so the Company might be at risk if the employers have financial problems and are unable to pay for the construction, or become bad debt, which may affect the operations.

The Company is aware of these risks, and therefore, the Company carefully assesses the potential client's financial position before accepting projects and reviews contracts very carefully before signing. Also, the Company ensures close monitoring of the work done and payment received from the employers to further mitigate these risks.

### **Financial Risk**

#### **The amount of working capital**

Operation in the construction business requires the funding of a large amount of working capital to run the business. As mentioned before, payment is normally received in installments as per work done after deduction of withholding taxes. If the employers do not make timely payments of such installments or the Company does not manage the working capital well, it will affect the Company's ability to get new projects and also might affect the performance of the other ongoing projects.

To mitigate these risk factors, the Company has a policy to negotiate the terms of payment concisely and ask for advance payment from the employers before start of work. Further, the Company's experienced staff manages the liquidity carefully and efficiently. The Company has also secured funding from various sources to facilitate the expansion of the Company.

As at 31 December 2019, the Company had long term loans of Baht 38 million for the construction of the new office building from a local financial institution secured against mortgage of the land. Apart from interest payments and principal repayment obligations, the loan agreement prescribes certain financial covenants which, if not complied with, will also result in a default.

### **Compliance Risk**

As a publicly listed company, the Company is required to comply with various laws and regulations and failure to comply with any one or more of such laws and/or regulations could expose the Company to penalties or other legal action against the Company and its Senior Management. The Company remains attentive to this matter and has taken suitable measures, by way of appointing qualified staff and also adopting adequate and effective systems to ensure full compliance with all laws and regulations.

## Controlling Risk

As at the date of the Annual General Meeting 2019, Globex Corporation Ltd. held 581,126,256 shares in the Company, which is equivalent to 56.535 percent of all the Company's issued and paid-up shares. Consequently, Globex Corporation Ltd. can control almost all of the resolutions in the Annual General Meeting which includes the appointment of directors or other resolutions which require majority votes, with the exception of those matters which as per law or the Company's Article of Associations require the votes of 3 of 4 voters present in the Annual General Meeting. For this reason, other shareholders may not be able to gather enough votes to take equilibrium on any Agenda proposed by the major shareholder. However, the Company has complied with the SET prescribed Good Corporate Governance Policy, Business Ethics, and Transparency of Information. The Company has set up principles for the approval of Connected Transactions, as per which related parties cannot approve their own transactions. The Audit and Corporate Governance Committee will consider all Connected Transactions and propose to the Board of Directors and/or Shareholder Meeting for approval.

Apart from the above risks which the Company is exposed to, an Investor investing in equity shares of the Company is exposed to the risks associated with the equity investment in the Company as a company listed in Thailand, which include the following:

- The value of the stocks listed on the Stock Exchange of Thailand ("SET") may fluctuate due to factors affecting the Thai Stock Market as a whole without any connection to the performance of the Company. Such factors affecting the Thai Stock Market could include political instability or political disturbances, slowdown in growth of the Thai economy, US Federal Reserve action, withdrawal of economic stimulus by governments of key export markets, general slowdown in regional, Asian or other developed economies and so on.
- Since the investment in the equity shares is made in Thai Baht currency, the investor is exposed to the exchange risk associated with the investment due to the fluctuation of the investor's investment currency as against the Thai Baht, whereby the investor may suffer a loss in the investor's own investment currency terms if the Thai Baht depreciates against the same when the equity shares are sold and the proceeds thereof are remitted back to the Investor after converting the same into the Investor's investment currency.
- The Investor may suffer a loss on his investment in the event one or more Thai laws pertaining to the investment are amended adversely. An example of such an adverse change in law would be imposition of taxes or other duties on the investment or sale of investment in equity shares.
- If the Thai Government introduces exchange controls on investment proceeds or on the repatriation of investment proceeds, the Investor's cost of the investment may increase and/or the Investor may not be able to repatriate the sale proceeds of the investment.
- Further, the Investor is exposed to additional risks like lower standards of Corporate Governance of the companies listed on the SET, insufficient legal checks and balances on company management, high proportion of concentrated shareholding with one individual or one group leading to unduly high control exercised by the individual or group, unavailability of qualified and experienced persons to act as Directors, etc.





## Emerging Risk

### Dust pollution not more than 2.5 microns (PM 2.5)

Fine particle dust pollution (PM 2.5) in Thailand has been higher than acceptable levels for many years in most of the country. In 2019 there were increasing campaigns to raise awareness about this problem. One of the major causes creating PM 2.5 is construction activities, especially in Bangkok's down town area. Many district offices impose compliance with the dust protection standard and the strictness of law enforcement by imposing violation orders under the Cleanliness and Order Regulation Act B.E. 2535.

PM 2.5 is harmful to health of humans. Moreover, it affects Company's construction projects since part of our business is to construct high rise buildings in Bangkok Area. A Government

campaign was launched to reduce PM 2.5, such as to withhold ready-mix-concrete transportation at specified times of the day. In the highly affected areas, this required the suspension of construction activity. These interruptions delayed the project timeline and increased the operating cost.

To mitigate the risk the Company cooperated fully with the Government and the owners to control PM 2.5. Dust control measures included installing dust prevention mesh sheets, water spraying the site regularly, and washing wheels of vehicles before leaving the site.

## SHAREHOLDING AND DIVIDEND POLICY

As of 30 December 2019, the Company registered capital is Baht 1,102,904,144 with paid-up capital of Baht 1,027,904,144 divided into 1,027,904,144 common shares with par value of Baht 1.00

### The list of top 10 major shareholders, as at 30 December 2019

Shareholders	Number of shares	% of Shareholders
Globlex Corporation Co., Ltd.	581,126,256	56.535
Victor Investment Holdings Pte. Ltd.	94,372,280	9.181
Mr. William Ellwood Heinecke	66,275,410	6.448
UBS AG Singapore Branch	34,794,606	3.385
Thai NVDR Co., Ltd.	34,323,699	3.339
Novotel Investments Limited	25,000,000	2.432
Mr. Santpal Silpchaowala	8,000,000	0.778
Ms. Sirirat pongthipanus	4,900,000	0.477
Mr. Prasit Chewananthachai	4,315,400	0.420
Miss Pornpan Photirangsrithep	4,220,016	0.411

### The Group of majority shareholders, as at 30 December 2019

Shareholders	Number of shares	% of Shareholders
Globlex Corporation Co., Ltd.	581,126,256	56.535

The Group of majority shareholders has assigned its representatives to take positions of authorized directors in the Company. In this regard, the number of representative directors are considered as appropriate not in proportion of number of shareholdings.

## DIVIDEND PAYMENT POLICY

The Company's Board of Directors has the policy to propose to the Annual General Meeting of Shareholders to approve the dividend payment to shareholders based on the Company's operating result in that year at the rate of not less than 40 percent of net profit after tax deductible in the Company's profit & loss statements (in compliance with Public Limited Company Act and interpreted by Federation of Accounting Professions) provided that there was no other necessary event and such dividend payment does not have substantial impact to Company's normal business.

There is no Dividend Payment Policy set out for Company's affiliate, the jointed controlled business and the connected company.

### Dividend Payment Records

	2019	2018 (restated)	2017	2016	2015
Net Profit (loss) per Share	0.09	(0.37)	0.10	0.14	0.02
Dividend per Share	0.04	-	0.10	0.10	-
Dividend payout Ratio (%)*	46%	-	100%	71%	-

**\* Note**

- Dividend payout ratio compared to the Separate Financial Statements of the Company which is in accordance with Company's Dividend Payment Policy.
- In 2017 dividend payment from a combination of year 2017's net profit after allocated of legal and the Company's unappropriated retained earnings as at 31st December 2017.

# MANAGEMENT STRUCTURE

The Company has 6 Boards / Committees

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

## 1. The Board of Directors

According to the Company Articles of Association, the Board of Directors is composed of at least 5 Directors out of which at least one-third are Independent Directors, which shall not be less than 3 Directors as required by The Stock Exchange of Thailand in relation to number of Independent Director.

There are 12 Directors which consists of 5 Executive Directors, 5 Independent Directors (more than one third of the Board of Directors) and 3 Directors of which are 11 male and 1 female. The age of directors who are 30-50 years old is 4 persons and more than 50 years old is 8 persons.

**The Board of Directors' members as of 31st December 2019 are as follows:**

Director's Name	Position	Appointment Date
1. Mr. Santi Grachangnetara	Chairman of the Board of Directors	10 April 2008
2. Mr. Kirit Shah	Vice-Chairman of the Board of Directors   Executive Director	11 November 2011
3. Mr. Khushroo Kali Wadia	Executive Director  Managing Director	11 November 2011
4. Mr. Surasak Osathanugraha	Executive Director  Assistant Managing Director and Company Secretary (Finance)	2 March 2010
5. Mr. Ishaan Shah	Executive Director	10 April 2012
6. Mr. Kasemsit Pathomsak	Independent Director	10 April 2012
7. Mr. Kris Thirakaosal	Independent Director	6 December 2012
8. Mr. John Scott Heinecke	Director	10 April 2013
9. Mrs. Nampung Wongsmith	Independent Director	8 August 2014
10. Mr. Suphon Tubtimcharoon	Independent Director	8 December 2015
11. Mr. Vites Ratanakorn	Executive Director   Operations Director	24 April 2017
12. Mr. Suriyon Tuchinda	Independent Director	22 April 2019

Details of Directors are disclosed in "Directors and Management Detail" in page 37 and details of Directors in subsidiary please refer to "Connected Transaction" in page 112 of this Annual Report.

## **Election of the Board of Directors**

The election of Directors is conducted by the meeting of shareholders. Each shareholder has one vote per share and each shareholder exercises all votes applicable in appointing one or more persons to a Director. The candidates are ranked in descending order from the highest number of votes to the lowest, and are appointed as Directors in that order until the Director positions are filled. Where the votes for candidates are tied, which would otherwise cause the number of directors to be exceeded, the Chairman has the casting vote.

## **Authorized Directors binding the Company**

The Company's present authorized signatories are:

- (a) Mr. Kirit Shah and Mr. Ishaan Shah jointly sign with Company's seal affixed or
- (b) Mr. Kirit Shah and Mr. Khushroo Kali Wadia jointly sign with Company's seal affixed or
- (c) any one of Mr. Kirit Shah or Mr. Khushroo Kali Wadia jointly sign with Mr. Surasak Osathanugraha or Mr. Vites Ratanakorn with the Company's seal affixed.

## **Qualifications of Directors**

- Qualified according to the Public Limited Companies Act, Securities and Exchange Act including other relevant laws and regulations and in accordance with the Good Corporate Governance Policy of the Company.
- Knowledgeable, possess good background experience, capable, independent to perform director's duties with care and loyalty, and able to attend Directors' meetings regularly.
- Having knowledge in one or more of the following fields: Construction, International Trading, Business Strategy, International Accounting, International Finance, Law and Corporate Governance.
- Not holding board positions in more than 5 listed companies (including the Company) and certainly not in any competing construction business for both listed and non-listed company.
- Should complete the Thai IOD Director's Certification Program within 6 months of appointment.
- Age not more than 70 years unless specifically extended at the discretion of the Board of Directors keeping in mind the availability of qualified candidates, the experience, qualifications and health of the concerned person.

## **Roles and Duties of the Board of Directors**

1. The Board of Directors perform its duties in conformity with applicable laws and carry on the business of the Company in accordance with the laws, the Company's objectives and the Articles of Association as well as the resolutions of the shareholders' meetings. It is authorized to carry on any activities as prescribed in the Memorandum of Association or those related thereto under the Public Limited Companies Act B.E. 2535. The Board of Directors is responsible to the Company's shareholders. Each Director represents all shareholders and takes part in supervisory and regulatory functions in the Company's operations, in an independent and impartial manner, for the benefit of all shareholders and other stakeholders.
2. The Directors, in their business conduct, are expected to generally act with care and exercise their duty of care to preserve the interests of the Company.
3. The Board of Directors or the Shareholders at their meetings are entitled to give authority to the executive directors to operate the Company's business and designate the authorized Directors to bind the Company.
4. The Board of Directors are authorized to sell or mortgage any of the Company's immovable properties, to let any of the Company's immovable properties for a period of more than three years, to make a gift, to compromise, to file complaints to the Court and to submit disputes to Arbitration.
5. Annual review and approve the Mission Statement, Vision, Values and Code of Business Conduct.
6. Review and discuss Management's proposed strategies and options and approve major decisions in respect of the Company's business direction and policies. The Board of Directors also reviews and approves the Business and performance goals proposed by the Management. Supporting the use of innovation and technology to add value to the Company.
7. Monitor the implementation of the Company's strategies including monitoring the Company's performance and progress toward achieving set objectives as well as compliance with the laws, regulations and related policies as well as the governing on Information Technology.
8. Ensure the establishment and communication of the policy and programme related to anti-corruption.

9. Ensure the existence of an effective internal control system and appropriate risk management framework.
10. Ensure an effective audit system executed by both internal and external auditors.
11. Approve quarterly and annual financial reports to ensure that the reports are prepared under generally accepted applicable accounting standards.
12. Ensure that the Company has a proper system in place to communicate effectively with all stakeholders and the public by providing policy on Confidentiality of Information, Insider Information and market sensitive information.
13. Define policy and guidelines for risk management and monitor the management to ensure the efficiency of risk management system.
14. Define policy and guidelines for good corporate governance and ensure that the duties and responsibilities of Directors and the management comply with Corporate Governance principles.
15. Maintain the adequacy of financial liquidity and ability to pay off debt and the mechanism that is able to restore the operational status in the event that the company faces financial problems. As well as to ensure that employees have knowledge and understanding of financial management and provident funds.
16. Define policy and guidelines to implement Corporate Social Responsibility.
17. Attend the meeting of shareholders to report results of operation answer questions and listen to suggestions and comments from shareholders.

## 2. The Executive Board of Directors

The Executive Board of Directors consists of 5 Directors and is appointed by the Board of Directors. The members of the Executive Board are as follows:

Name	Position
1. Mr. Kirit Shah	Executive Director
2. Mr. Khushroo Kali Wadia*	Managing Director
3. Mr. Surasak Osathanugraha	Assistant Managing Director (Finance & Account)
4. Mr. Ishaan Shah	Executive Director
5. Mr. Vites Ratnakorn	Executive Director (Operations Directors)

At the Board of Directors Meeting No. 443 held on 26 February 2019, it was resolved to re-appoint \*Mr. Khushroo Kali Wadia as Executive Director for another term.

### Qualifications of Executive Directors

- Qualified according to the Public Limited Companies Act, and Securities and Exchange Act, including other relevant laws and regulations, and in accordance with the Good Corporate Governance Policy of the Company.
- Knowledgeable, possess good background experience, capable, independent to perform an Executive Director's duties with care and loyalty, and able to attend Directors'/Executive Directors' meetings regularly.
- Having knowledge in their respective fields of appointment as part of Senior Management.
- Not holding board positions in more than 3 other listed companies (including the Company) and certainly not in any competing construction business and also not in a full time executive position.
- Should complete the Thai IOD Director's Certification

Program Course.

- Age not more than 70 years unless specifically extended at the discretion of the Board of Directors keeping in mind the availability of qualified candidates, the experience, qualifications and health of the concerned person.

### Roles and Duties of Executive Directors

1. To manage the Company's business under the resolutions/regulations of the Board of Directors. With the resolution of the Board of Directors Meeting No. 414, the authority of Executive Board extends to the following:
  - To purchase and sell Plant, Equipment and other

- Assets, to provide security to lenders, including mortgage on the Assets and to maintain the Assets of the Company and its subsidiaries in accordance with the programme set out by the Board of Directors.
- To borrow money from Banks, Financial Institutions and other organizations and to execute agreements pursuant thereto and to fix interest rates. To give guarantees, provide security on behalf of the Company and its subsidiaries.
  - To make advances, deposits and loans as may be required in the interest of the Company and its subsidiaries.
  - To open and operate the bank accounts of the Company, appoint authorized signatories to operate the bank accounts, buy and sell currencies as may be required for the operations of the Company and its subsidiaries.
2. To execute any agreements/contracts including bidding for various jobs and tenders, enter into contracts with customers for the provision of construction services, including the supply of materials and other services and goods as may be required with terms and conditions under the scope of authority vested by the Board of Directors. Such agreements/contracts must be affixed with signatures of any two Executive Directors together with the Company's seal.
  3. To generally act on behalf and in the interests of the Company and its subsidiaries as may be required to carry on the business.
  4. The Executive Board of Directors shall report on the business operations conducted by the Executive Board to the Board of Directors for acknowledgement and discussions. However, policy-related issues, or issues likely to have significant and major impact on the Company's business, or issues requiring action by the Board of Directors in compliance with laws or the Company's Articles of Association, must be approved by the Board of Directors. This also includes issues for which the Executive Board of Directors considers it appropriate to seek the approval of the Board of Directors on a case-by-case basis, or per the criteria designated by the Board of Directors.
  5. Prepare and review strategic objectives, financial plans and key policies of the Company, to be submitted to the Board of Directors for approval.
  6. Review management authority in various aspects stipulated in the approval authority hierarchy, to be submitted for approval to the Board of Directors.
  7. Appoint, monitor and evaluate the performance of employees from the level of Department Director down to senior managers.
  8. Monitor and report on the Company's operating results to the Board of Directors as well as on other work in progress to achieve the Company's objectives.
  9. Communicate with external stakeholders, as per designated authority, and as deemed appropriate.
  10. Prepare and review policy and guidelines for risk management and monitor the management to ensure the efficiency of risk management system.
  11. Prepare and review policy and guidelines for good Corporate Governance and guidelines to implement Corporate Social Responsibility.
  12. Develop and implement anti-corruption systems, as well as encourage employees at all levels and related parties to follow the anti-corruption policy to create an anti-corruption culture.

### 3. The Audit and Corporate Governance Committee

The Audit and Corporate Governance Committee was appointed by Board of Directors with the objective of having a mechanism to assist the Board independently in accordance with the regulations and the recommendations in respect of Good Corporate Governance, to give opinion of company's financial report's correctness, credibility and transparency, to encourage the good corporate governance including coordination with the Board of Directors for risk management and internal control systems in the Company. This is expected to create efficiencies in operations and also

provide for an independent check on the functioning of the Management of the Company including checks on conflict of interest issues and connected party transactions, if any.

The Board appointed Independent Directors as the Audit Committee on 16<sup>th</sup> November 2000 according to the resolutions of the Board of Directors' meeting No. 340. Thereafter on 20<sup>th</sup> February 2013 the Board of Directors meeting No. 404 has resolved to amend the name of the Audit Committee from Audit Committee to Audit and

Corporate Governance Committee since the existing roles and responsibilities of Audit Committee of the Company includes Corporate Governance also and in order that the Audit and Corporate Governance Committee emphasize

consistently on the compliance of relevant regulations and continue the development of Corporate Governance of the Company.

The Committee is presently comprised of 3 Independent Directors, each of them to hold their position on the Committee for a period of 3 years from the date of their respective appointment.

Name	Position	Status	Duration on the Committee
1. Mr. Kasemsit Pathomsak*	Chairman of Audit & Corporate Governance Committee	Independent Director	1 year 2 months
2. Mrs. Nampung Wongsmith	Audit & Corporate Governance Committee Member	Independent Director	2 year 2 months
3. Mr. Kris Thirakaosal	Audit & Corporate Governance Committee Member	Independent Director	1 year 2 months
Mr. Ponpisit Charoenthai**	Secretary to Audit & Corporate Governance Committee		

\* Audit & Corporate Governance Committee member has knowledge and experience in accounting and financial field and details of the experience have been presented in the "Directors and Managements Details" in this Annual Report.

\*\* Secretary to the Audit & Corporate Governance Committee was appointed by the Committee to assist the operation of the Committee.

At the Board of Directors Meeting No. 443 held on 26 February 2019, it was resolved to re-appoint Mrs. Nampung Wongsmith as Audit & CG Committee Member for another term.

### Composition of Audit & Corporate Governance Committee

- There must be at least 3 members
- Chairman of the Board of Directors is not the Chairman of the Committee nor the member.
- A secretary may be appointed by the Audit & Corporate Governance Committee to assist the Committee.

### Qualifications of Audit and Corporate Governance Committee Members

- Must be appointed by the Board of Directors or by the shareholders in a shareholders meeting.
- All the members must be Independent Directors.
- Not a Board member of parent company or subsidiary company which is also a listed company
- Not holding shares exceeding 0.5 percent of the total number of shares issued by the Company, the parent company, a subsidiary, a joint/associated company, a major shareholder or an entity with controlling authority, including shares held by a related person.

- Be free of any past (for a period of last 2 years) or present, direct or indirect, financial or other interest in the management and business of the listed company, its subsidiaries and associated companies and also that of the Company's substantial shareholders.
- Not related to or a close relative of any executive director, executive officer or major shareholder of the Company.
- Not a Board member assigned to make decisions on business operations in the Company, its parent company, subsidiaries or associated companies, or in a juristic person with possible conflicts of interest.
- Be able to freely perform and give opinions, or report the result of the duties assigned by the Board of Directors without being controlled by the management or major shareholders or any other related persons.
- Having duties and responsibilities in accordance with the rules and regulations of the SET.
- At least 1 committee member must have knowledge, understanding or experience in accounting or financial fields enough to review the creditability of financial statements.



## Roles and Duties of the Audit and Corporate Governance Committee

- To review the company's financial reporting process to ensure accuracy with adequate and complete disclosure.
- To ensure that the Company has an appropriate and efficient internal control system subject to internal audit and to also ensure that there is an efficient internal audit system in place and to ensure the independence of internal audit department, including approval of the selection, promotion, and rotation or termination process of the internal audit head.
- Review risk management system of the Company and recommend improvements on a regular basis.
- Review guidelines for the Company's good corporate governance and make recommendations to the Board of Directors.
- To review the performance of the Company to ensure compliance with the securities and exchange law, regulations of the exchange and other laws relating to the business of the Company.
- To select and nominate for the shareholders' approval, the external auditor of the Company, including recommendation of remuneration of the external auditor after considering the independence of the external auditor and to freely discuss significant matters, the Audit and Corporate Governance Committee shall meet privately with the external auditor at least once a year, without the management team being present.
- To review connected party transactions that may lead to conflict of interest to comply with all related rules and to ensure the transactions are reasonable and for the full benefit in the company and to ensure accurate and complete disclosure of the same.
- Monitor and receive complaints or information from stakeholders submitted to the Board of Directors. The primary investigation report must be submitted to the external auditor within 30 days, if the Committee had receive any information regarding suspicious behaviours that Director, Managers or person in charge of the operations of the business of the Company have committed and offences against the law in accordance to Section 89/25 of the Securities and Exchange act No. 4 B.E. 2551.
- Annual review of Audit and Corporate Governance Committee's charter to ensure that it is up to date and suitable for the Company's environment.
- To prepare a report on the monitoring activities of the Audit and Corporate Governance Committee, in accordance with the required details of SET's regulations and disclose it in the annual report, such report to be signed by the Chairman of the Audit and Corporate Governance Committee.
- To perform any other acts as delegated by the Board of Directors and accepted by the Audit and Corporate Governance Committee.

## 4. The Remuneration Committee

The Remuneration Committee has been appointed by the Board of Directors as a mechanism to assist the Board in independently proposing the criteria of and setting guidelines for the remuneration of directors, sub-committee members, managing director and senior management and to propose the remuneration to the Board of Directors who will then act (accept fully, partially or reject totally) in accordance with

the regulations and good governance practices based on the proposals made by the Remuneration Committee. The Board of Directors are not empowered to fix the remuneration of the directors and sub-committee members but are required to place their recommendations on the same to the shareholders for their approval.

The Board appointed the Remuneration Committee on 20<sup>th</sup> February 2013, which consists of 3 Directors with a term of 3 years.

Name	Position	Status	Duration on the Committee
1. Mr. Kasemsit Pathomsak	Chairman of Remuneration Committee	Independent Director	1 year 2 months
2. Mr. Kirit Shah	Remuneration Committee Member	Executive Director	1 year 2 months
3. Mr. Kris Thirakaosal	Remuneration Committee Member	Independent Director	1 year 2 months

### Composition of Remuneration Committee

- There shall be at least 3 Directors as members on the Remuneration Committee.
- The Majority of the Committee shall always be comprised of Independent Directors.
- The Chairman of the Committee shall always be an Independent Director.
- The members of remuneration committee who do not fall in (2) and (3) above shall be Non - Executive Directors.
- The Company's Chairman shall not be the Chairman of the Committee nor a member.

### Qualifications of Remuneration Committee Members

- They must not be involved in the day-to-day management of the Company, a subsidiary, a joint/ associated company, a major shareholder or an entity with controlling authority.
- They must be free of any present, direct or indirect, financial or other interest in the management and business of the Company, a subsidiary, a joint/ associated company, a major shareholder or an entity with controlling authority.
- They must not be a relative of any Executive Director or an executive officer of the Company, a subsidiary, a joint/ associated company, a major shareholder or an entity with controlling authority.
- They must not be acting as a nominee or representative of any Executive Director or an executive officer of the Company.
- They must be able to carry out their duties, exercise their judgment, and report the committee's performances, which are assigned by the Board of Directors without being influenced by Executive Directors or executive officers of the Company, a subsidiary, a joint/ associated company, a major shareholder or an entity with controlling authority.

### Duties and Responsibilities of the Remuneration Committee

The Remuneration Committee is responsible for duties assigned by the Board of Directors as follows:

### 5. The Nomination Committee

The Nomination Committee has been appointed by the Board of Directors in order to set up a mechanism to assist the Board to independently propose the criteria and set guidelines for nomination of new Directors and recruitment and selection

1. Set out compensation guidelines for Directors, Sub-committee Members, Managing Director and senior management and propose the same to the Board of Directors.
2. Propose the Directors' Remuneration including sub-committee members for the Board to make its recommendations and express its opinion for approval in shareholders' meeting.
3. Update to the Board of Directors about compensation norms being followed by companies in Thailand and abroad.
4. Other specific jobs assigned by the Board of Directors.

### Remuneration Criteria

- The Directors and sub-committee members' remuneration must be agreed by Board of Director and recommended to the shareholders for their approval.
- The Directors' and sub-committee members' remuneration shall be paid as meeting allowance, monthly remuneration and bonus.
- Managing Director's remuneration shall be proposed by the Remuneration Committee for the approval of Board of Directors. The remuneration will be paid as salary and bonus including other benefits such as medical benefit, life insurance and etc.
- Senior management's remuneration shall be paid as salary and bonus including other benefits with the same criteria as other employees such as provident fund, medical benefit, life insurance and etc.
- The remuneration criterion shall include consideration of financial status and performance of the Company and should be comparable with other listed companies in general and should also be comparable with other listed companies in the same sector. By at the appropriate level and in accordance with duties and responsibilities which is linked to the Company's performance both in short-term and long-term including individual performance appraisal against KPIs under transparent guidelines, fair and in accordance with relevant laws and regulations.

of top executives, and thereafter propose to the Board of Directors who could then consider the proposal and decide to accept or reject the same or amend it for further approval by shareholders if required (for the appointment of Directors).

The Board of Directors approved to appoint the Nomination Committee on 20th February 2013 and which currently consists of 3 Directors with the term of 3 years.

Name	Position	Status	Duration on the Committee
1. Mr. Kasemsit Pathomsak*	Chairman of Nomination Committee	Independent Director	1 year 2 months
2. Mr. Kirit Shah**	Nomination Committee Member	Executive Director	1 year 2 months
3. Mr. Kris Thirakaosa***	Nomination Committee Member	Independent Director	1 year 2 months

### Composition of Nomination Committee

- There shall be at least 3 Directors as members on the Nomination Committee
- The majority of the members of the Committee are Independent Directors.
- The Chairman of Committee is an Independent Director.
- The Company's Chairman is not the Chairman of the Committee nor a member.

### Qualifications of Nomination Committee Members

- The Qualifications are exactly the same as that of the Independent Directors.

### Duties and Responsibilities of the Nomination Committee

The Nomination Committee is responsible for duties assigned by the Board of Directors as follows:

1. Set out selection and nomination guidelines of appropriate persons and propose the same to the Board of Directors.
2. Review the Board structure and propose a succession plan for Directors and Senior Management.
3. Propose to the Board, names of potential candidates for appointment as Directors.
4. If requested by the Board of Directors, assist in the process of review of performance of Directors.
5. Prepare specific reports on latest trends and practices in the appointment of the Directors and Senior Management for consideration by the Board of Directors.
6. Other jobs assigned by the Board of Directors.

### Nomination Criteria

The Company recognises that diversity at the Board level is an essential element in supporting the attainment of its strategic objectives and its sustainable development. All Board appointments are based on meritocracy, and candidates are considered against appropriate criteria which are as follows;

- Consideration is based on a range of diversity perspectives, including gender, age and education background, skills, knowledge, and professional experience, and devotion of potential candidates expected to add value to the Board.
- Consideration of the qualities of leadership, vision, ethics, and honesty to uphold the highest principles of Good Corporate Governance. Including the dedication and the ability to fully devote the time for the administration of the Company.
- The candidate should not be a person prohibited under the Public Companies Act, the Securities and Exchange Act, announcement of the Securities and Exchange Commission or any other laws relating to the qualification and scope of work of the Board of Directors; or a person blacklisted by any organisation (including the SEC) or convicted of any crime.
- The candidate as an Independent Director must be qualified in accordance with the independent director's qualification.
- Having no conflict of interests with the Company
  - Engaging, having been a partner in an ordinary partnership, an unlimited liabilities partnership in a limited partnership or having been an executive, director in a company or other listed company in the business similar to or compete with the Company and its subsidiaries.
  - Having been a partner in a contract, a concession contract or having been the Company's stakeholder in such manner or having been a partner in an ordinary partnership, an unlimited liabilities partnership in a limited partnership or having been an executive, director in a company or other listed company operating in such manner.
  - Any other cases under the Public Companies Act and/or as specific by laws.
- Consider other qualifications as may be advisable such as the lacked of necessary skills required on the Board of Directors of the Company.

## Procedure for selection and appointment of new directors

The procedure when selecting and appointing new directors varies depending upon the circumstances of the Company at the particular time. In general, when the Board of Directors intends to appoint a new director (as a vacancy occurs or as an additional member on the Board), the following procedure is followed in selecting and appointing a new director to the Board of Directors:

- The Nomination Committee evaluates the range of skills, experience, expertise and diversity of the existing Directors, and identifies other appropriate qualifications giving consideration in line with the Company's strategic direction, and gaps which need to be filled. Consideration is given to the balance of Independent Directors on the Board and the best practice recommendations as set out in the SET Corporate Governance Principles.
- For seeking suitable candidates, the Nomination Committee may utilize the personal network of the Board members and Senior Management of the Company and may consider the proposals from the Shareholders or may engage an external search firm or may use Director Poll information from the Thai Institute of Directors (IOD).
- The Nomination Committee screens the Director candidates, and then interviews each interested preferred candidate to identify those individuals who best fit the target candidate profile. Once the Nomination Committee has identified an appropriate candidate

for the Board to consider, it may also arrange the Board members to meet with the candidate.

- The Nomination Committee submits.
- The Nomination Committee submits its recommendations to the Board of Directors, which is proposed for the shareholders' approval at the shareholder's meeting or which is proposed for the Board's approval as a temporary replacement if a director resigns during his or her term in office and a casual vacancy is created.

## Procedure for Re-election of Directors who retire by rotation

In accordance with Section 71 of the Public Limited Companies Act B.E. 2535 and Article No. 16 of the Articles of Association of the Company, at every Annual General Meeting, at least one-third of the Directors, or, if their number is not a multiple of three, then the number nearest to one-third, must retire from office. In every subsequent year, the Director who has been longest in office shall retire. A retiring Director is eligible for re-election. The procedure for re-election of a director who retires by rotation are as follows:

- The Nomination Committee considers the past performance of the retiring directors e.g. attendance, participation in meetings and other contributions to the activities undertaken by the Board of Directors.
- After reviewing, the Nomination Committee submits its recommendations to the Board of Directors, which is proposed for the shareholder's approval at the shareholders' meeting.

## 6. The Risk Management Committee

The Board of Directors has appointed a Risk Management Committee to prescribe risk management policies that cover the entire organization and to ensure that risk management procedures or systems are in place to appropriately mitigate impact of the risks on the businesses of the Company. Composition, authority, duties and responsibilities of the Risk

Management Committee are prescribed to ensure their efficient performance as assigned by the Board of Directors

The Board of Directors approved to appoint the Risk Management Committee on 20th February 2013 and which currently consists of 3 Directors with the terms of 3 years.

Name	Position	Status	Duration on the Committee
1. Mrs. Nampung Wongsmith*	Chairperson of Risk Management Committee	Independent Director	2 years 2 months
2. Mr. Khushroo Kali Wadia**	Risk Management Committee Member	Executive Director	2 years 2 months
3. Mr. Surasak Osathanugraha	Risk Management Committee Member	Executive Director	2 months

At the Board of Directors Meeting No. 443 held on 26 February 2019, it was resolved to re-appoint Mrs. Nampung Wongsmith as a Chairperson of Risk Management Committee and Mr. Khushroo Kali Wadia as a Risk Management Committee Member for another term.

### Composition of Risk Management Committee

- There must be at least 3 directors in the Committee.
- The Company's Chairman is not the Chairman of the Committee nor a member.
- A secretary may be appointed by the Risk Management Committee to assist the Risk Management Committee.

### Qualifications of Risk Management Committee Members

- Must be appointed by the Board of Directors or by the shareholders in a shareholders meeting.
- At least one (1) member must be an Independent Director.

### Roles and Duties of the Risk Management Committee

The Risk Management Committee is responsible for duties assigned by the Board of Directors as follows:

1. Identify the various risks of the Company is exposed to in the business environment.
2. Prescribe policies and suggest measures for the appropriate and efficient management of the risks associated and identified of the Company.

3. Prescribe risk management policies and procedures to cover the entire organization.
4. Follow up on and evaluate the performance in accordance with the organization-wide risk management framework including recommendation of a framework for Internal Controls.
5. Report the Company's major risks, status, progress of measures-taken to mitigate these risks and performance to the Board of Directors every quarter.
6. Communicate, collaborate and share information with Audit and Corporate Governance Committee on risk management and internal control.
7. Perform any other acts as delegated by the Board of Directors.

### Company Secretary

In keeping with good Corporate Governance, the Company designated a Company Secretary viz. Mr. Surasak Osathanugraha, having duties and responsibilities in accordance with section 89/15 and section 89/16 of the Securities and Exchange Act (no. 4) B.E. 2551 enforced on 31 August 2008. The Company Secretary shall be responsible with care and integrity to comply with applicable laws, Company's Articles of Association, Board and Shareholders' resolutions.

The detailed profile of the Company Secretary, Mr. Surasak Osathanugraha, has been disclosed under the subject **"Directors and Management Detail"** of this Annual Report.

### Controlling persons of the Company and subsidiaries (As at 31 December 2019)

Name	Company	CNT Holdings	Christiani and Nielsen (Myanmar)	Christiani & Nielsen (Cambodia)	Christiani & Nielsen Energy Solutions
Mr. Santi Grachangnetara	Chairman of the Board Director	Director	-	-	-
Mr. Kirit Shah	Director Executive Director	-	-	-	-
Mr. Khushroo Wadia	Managing Director Director Executive Director	Director	Managing Director Director	Chairman of the Board Director	Director
Mr. Ishaan Shah	Director Executive Director	-	Director	-	-
Mr. Surasak Osathanugraha	Director Executive Director	Director	Director	Director	-
Mr. Vites Ratanakorn	Director Executive Director	-	-	Director	Director





# **FULL SPECTRUM DESIGN AND BUILD CAPABILITY**

# BOARD OF DIRECTORS



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## 1 MR. SANTI GRACHANGNETARA

- Chairman of the Board of Director

## 2 MR. KIRIT SHAH

- Vice Chairman
- Director
- Executive Director
- Nomination Committee Member
- Remuneration Committee Member

## 3 MR. KHUSHROO KALI WADIA

- Director
- Executive Director
- Risk Management Committee Member
- Managing Director

## 4 MR. SURASAK OSATHANUGRAHA

- Director and Company Secretary
- Executive Director
- Risk Management Committee Member
- Assistant to Managing Director

## 5 MR. ISHAAN SHAH

- Director
- Executive Director

## 6 MR. VITES RATANAKORN

- Director
- Executive Director
- Operation Director
- Acting for director Hospitality and Residential Business Unit





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**7 MR. KASEMSIT PATHOMSAK**

- Independent Director
- Chairman of Audit and Corporate Governance Committee
- Chairman of Nomination Committee
- Chairman of Remuneration Committee

**8 MR. KRIS THIRAKAOSAL**

- Independent Director
- Audit and Corporate Governance Committee Member
- Nomination Committee Member
- Remuneration Committee Member

**9 MS. NAMPUNG WONGSMITH**

- Independent Director
- Audit and Corporate Governance Committee Member
- Chairperson of Risk Management Committee

**10 MR. SUPHON TUBTIMCHAROON**

- Independent Director

**11 MR. JOHN SCOTT HEINECKE**

- Director

**12 MR. SURIYON TUCHINDA**

- Independent Director

# BOARD OF DIRECTORS – PROFILE

## MR. SANTI GRACHANGNETARA

**Position** Chairman of the Board of Director

**Date of appointment on the board** 10 April, 2008

**Age** 75 years

**Education** Master of Engineering Cambridge University, United Kingdom  
Bachelor of Engineering Cambridge University, United Kingdom

### Training

- 2005 **Thai Institute of Directors (IOD)**  
Directors Accreditation Program (DAP)

### Experience

- Apr, 2017 - Present Chairman of the Board of Directors  
**Christiani & Nielsen (Thai) Public Company Limited**
- Sep, 2012 - Apr, 2017 Chairman of the Board of Directors, Executive Chairman
- 2008 - 2012 Chairman of the Board of Directors
- 2001 - 2007 Chairman of the Board of Directors, Chief Executive Officer
- 1999 - 2001 Director and Chief Executive Officer
- 1993 - 1997 Managing Director  
**One Holding PCL. & Subsidiary Companies**

**Occupation** Chairman of the Board of Directors  
Christiani & Nielsen (Thai)  
Public Company Limited

### Directorship and positions held in other companies and other organizations

- Connected Companies Nil
- Non-Connected Companies Nil
- Other related Companies  
(Subsidiaries/Associated Companies)
  - Listed Companies: Nil
  - Non-Listed Companies: Director, CNT Holdings Limited.
- Other Organizations Nil

### No. of Shares held (shares) as of year ended 2019

- By himself Nil
- By his spouse and minor children (if any) Nil

No family relationship with any of the other Directors or any of the Management Team.

## MR. KIRIT SHAH

**Position** Vice Chairman | Director | Executive Director | Nomination Committee Member and Remuneration Committee Member

**Date of appointment on the board** 11 November 2011

**Age** 66 years

**Education** Bachelor's Degree in Commerce from H.R. College of Commerce, Bombay, India

### Training

- 2005 Graduate member of Thai Institute of Directors (IOD) Directors Certificate Program (DCP), Class 57/2005.

### Experience

- Aug, 2014 - Present Vice Chairman | Director | Executive Director | Nomination Committee Member and Remuneration Committee Member  
**Christiani & Nielsen (Thai) Public Company Limited**
- 2011 - 2014 Vice Chairman | Director | Nomination Committee Member and Remuneration Committee Member  
**Christiani & Nielsen (Thai) Public Company Limited**
- Apr, 2018 - Present Director, **Gammon Engineering and Contractors Private Limited, India**
- 2007 - Present Director and Remuneration Committee Member  
**Precious Shipping Public Company Limited**
- 1989 - 2002 Director, **Precious Shipping Public Company Limited**
- Present Director, **MJets Limited**
- Present Director, **Maxwin Builders Ltd.**
- Present Director, **Mega Lifesciences Public Company Limited**
- Present Director, **Globex Corporation Limited**
- Present Director, **Unistretch Limited**
- Present Director, **Maestro Controls Limited**
- Present Executive Director, **Graintrade Limited**
- Present Director, **Premthai International Limited**
- Present Director, **Southern LPG Limited, India**
- Present Director, **International Seaports (Haldia) Private Limited, India**
- 1999 - 2003 Vice Chairman and Executive Director,  
**Phoenix Pulp and Paper PCL.**
- 1980 - 2003 Managing Director, **G. Premjee Limited**  
Company Executive

### Directorship and positions held in other companies and other organizations

- Connected Companies
  - Listed Companies: Nil
  - Non-Listed Companies:
    1. Director, Globex Corporation Limited
    2. Director, Unistretch Limited
    3. Director, MJets Limited
    4. Director, Maxwin Builders Ltd.
    5. Director, Maestro Controls Limited
- Non-Connected Companies
  - Listed Companies:
    1. Director, Mega Lifesciences Public Company Limited
  - Non-Listed Companies:
    1. Executive Director, Graintrade Limited
    2. Director, Premthai International Limited
    3. Director, Southern LPG Limited, India
    4. Director, International Seaports (Haldia) Private Limited, India
    5. Director, Gammon Engineering and Contractors Private Limited, India
- Other related Companies (Subsidiaries/Associated Companies)
  - Listed Companies: Nil
  - Non-Listed Companies:
    1. Executive Director, Graintrade Limited
    2. Director, Premthai International Limited
    3. Director, Southern LPG Limited, India
    4. Director, International Seaports (Haldia) Private Limited, India
    5. Director, Gammon Engineering and Contractors Private Limited, India
- Other related Companies (Subsidiaries/Associated Companies)
  - Listed Companies: Nil
  - Non-Listed Companies:
    1. Director, Gammon Engineering and Contractors Private Limited, India.

### No. of Shares held (shares) as of year ended 2019

- By himself -
- By his spouse and minor children (if any) -

Mr.Kirit Shah is the father of Mr. Ishaan Shah and Ms. Nishita Shah but has no family relationship with any of the other Directors or any of the Management Team.

## MR. KHUSHROO KALI WADIA

**Position** Director | Executive Director | Risk Management Committee Member and Managing Director

**Date of appointment on the board** 11 November 2011

**Age** 57 years

**Education** Bachelor of Statistic, Mathematic and Economic, University of Bombay  
Chartered Accountant, Institute of Chartered Accountants of India CPA from India

### Training

- 2548 **Graduate member of Thai Institute of Directors (IOD)**  
Directors Certificate Program (DCP) Class 64/2005.

### Experience

- Nov, 2013 - Present Director | Executive Director | Risk Management  
Committee Member and Managing Director  
**Christiani & Nielsen (Thai) Public Company Limited**
  - Nov, 2011 - Nov, 2013 Director
  - Jan, 2019 - Present Director, **Christiani & Nielsen Energy Solutions Company Limited**
  - Apr, 2018 - Present Director, **Gammon Engineering and Contractors Private Limited, India**
  - 2017 - Present Chairman of Director, **Christiani & Nielsen (Cambodia) Co., Ltd.**
  - 2016 - Present Managing Director, **Christiani & Nielsen (Myanmar) Limited**
  - 1999 - Present Director, **Precious Shipping Public Company Limited**
  - 1999 - Apr, 2019 Director (Finance), **Precious Shipping Public Company Limited**
  - Present Director, Maxwin Builders Ltd.
  - Present Director, The Atrium Hotel Ltd.
  - 1994 - 1999 Director (Finance & Accounts), **Maxwin Group of Companies.**
  - 1997 - 1998 Vice President (Finance & Administration), **Suretex Limited**
  - 1990 - 1994 Financial Controller, **Maxwin Group of Companies**
  - 1988 - 1990 Assistant Manager, **A.F. Ferguson & Co.**
- Occupation** Managing Director, Christiani & Nielsen (Thai) Public Company Limited  
Director, Precious Shipping Public Company Limited

### Directorship and positions held in other companies and other organizations

- Connected Companies
  - Listed Companies: Nil
  - Non-Listed Companies:  
Director - Maxwin Builders Ltd.  
Provide Hotel Services
- Non-Connected Companies
  - Listed Companies:  
Director - Precious Shipping Public Company Limited
  - Non-Listed Companies: Director - The Atrium Hotel Ltd.
- Other related Companies (Subsidiaries/Associated Companies)
  - Listed Companies: Nil
  - Non-Listed Companies:  
Non-Listed Companies:  
1. Director - CNT Holdings Limited  
2. Managing Director - Christiani & Nielsen (Myanmar) Limited  
3. Chairman of Director - Christiani & Nielsen (Cambodia) Co. Ltd.  
4. Director - Gammon Engineering and Contractors Private Limited, India  
5. Director - Christiani & Nielsen Energy Solutions Company Limited
- Other Organizations Nil

### No. of Shares held (shares) as of year ended 2019

- By himself  
Nil
- By his spouse and minor children (if any)  
Nil

No family relationship with any of the other Directors or any of the Management Team.

## MR. SURASAK OSATHANUGRAHA

**Position** Director and Company Secretary | Executive Director | Risk Management Committee  
Member and Assistant to Managing Director

**Date of appointment on the board** 1 December, 2009

**Age** 51 years

**Education** Master of Finance, Chulalongkorn University  
Bachelor of Laws, Chulalongkorn University  
Bachelor in Accountancy, Assumption University  
Certified Public Accountant (CPA) No. 8290.

### Training

- 2015 **Thai Institute of Directors (IOD)**  
Anti-Corruption: The Practical Guide
- 2012 Company Report Program
- 2012 Director Certification Program (DCP)
- 2010 Company Secretary Program

### Experience

- Sep, 2012 - Present Director and Company Secretary | Executive Director | Risk Management Committee  
Member and Assistant to Managing Director  
**Christiani & Nielsen (Thai) Public Company Limited**
- Mar, 2010 - Aug, 2012 Director and Company Secretary | Assistant to Chief Executive Officer
- Dec, 2009 - Mar, 2010 Assistant to Chief Executive Officer
- Jul, 2017 - Present Director, **Christiani & Nielsen (Cambodia) Co. Ltd.**
- Jul, 2016 - Present Director, **Christiani & Nielsen (Myanmar) Limited**
- 2004 - 2009 Managing Director, Vice President-Internal Audit (N-Park's Group), **Natural Park PCL.**
- 2000 - 2004 Assistant VP (Budgeting Division)  
**Bank of Asia (ABN AMRO Member) / UOB Bank**
- 1994 - 2000 Accounting Manager, Tax Advisor & Attorney-at-law **George & Killeen P.C. Ltd.**  
Assistant to Managing Director  
Christiani & Nielsen (Thai) Public Company Limited

### Occupation

### Directorship and positions held in other companies and other organizations

- Connected Companies Nil
- Non-Connected Companies Nil
- Other related Companies  
(Subsidiaries/Associated Companies)
  - Listed Companies: Nil
  - Non-Listed Companies
    1. Director - CNT Holdings Limited.
    2. Director - Christiani & Nielsen (Myanmar) Limited
    3. Director - Christiani & Nielsen (Cambodia) Co. Ltd.
- Other Organizations Nil

### No. of Shares held (shares) as of year ended 2019

- By himself Nil
- By his spouse and minor children (if any) Nil

No family relationship with any of the other Directors or any of the Management Team.

## MR. ISHAAN SHAH

<b>Position</b>	Director   Executive Director
<b>Date of appointment on the board</b>	10 April, 2012
<b>Age</b>	31 years
<b>Education</b>	Bachelor of Science in Business Administration. Concentration in Finance and Law, University of Southern California, Los Angeles, USA.
<b>Training</b>	
• 2011	<b>Thai Institute of Directors (IOD)</b> Director Certificate Program (DCP)
<b>Experience</b>	
• Aug, 2014 - Present	Director   Executive Director, <b>Christiani &amp; Nielsen (Thai) Public Company Limited</b>
• 2012 - Aug, 2014	Director, Christiani & Nielsen (Thai) Public Company Limited
• 2016 - Present	Director, Christiani & Nielsen (Myanmar) Limited
• 2011 - Present	Director, Precious Shipping Public Company Limited
• 2008 - Present	Director, Globlex Corporation Limited
• 2008 - Present	Director, Maxwin Builders Limited
• 2008 - Present	Director, Ambika Tour Agency Limited
• Present	Director, Mega Life sciences Public Company Limited
• Present	Director, Geepee Air Service Limited
• Present	Director, Graintrade Limited
• Present	Director, Unistretch Limited
• Present	Director, Maestro Controls Limited
• Present	Director, InsurExcellence Life Insurance Brokers Limited
• Present	Director, InsurExcellence Insurance Brokers Limited
<b>Occupation</b>	Company Director

### Directorship and positions held in other companies and other organizations

- Connected Companies
  - Listed Companies:
    - Director, Precious Shipping Public Company Limited
  - Non-Listed Companies
    1. Director, Globlex Corporation Limited
    2. Director, Unistretch Limited
    3. Director, Maxwin Builders Limited
    4. Director, Ambika Tour Agency Limited
    5. Director, Maestro Controls Limited
- Non-Connected Companies
  - Listed Companies:
    1. Director, Mega Lifesciences Public Company Limited
    2. Director, Precious Shipping Public Company Limited
  - Non-Listed Companies:
    1. Director, Geepee Air Service Limited
    2. Director, Graintrade Limited
    3. Director, InsurExcellence Life Insurance Brokers Limited
    4. Director, InsurExcellence Insurance Brokers Limited
- Other related Companies (Subsidiaries/Associated Companies)
  - Listed Companies: Nil
  - Non-Listed Companies:
    - Director, Christiani & Nielsen (Myanmar) Limited
- Other Organizations Nil

### No. of Shares held (shares) as of year ended 2019

- By himself (Victor Co., Ltd.)
  - As of 1 January 2019 : 94,372,280
  - As of 31 December 2019 : 94,372,280
- By his spouse and minor children (if any)
  - Nil

Mr. Ishaan Shah is the son of Mr. Kirit Shah and younger brother of Ms. Nishita Shah but has no family relationship with any of the other Directors or any of the Management Team.

## MR. VITES RATANAKORN

**Position** Director | Executive Director | Operation Director and Acting Director of Hospitality and Residential Business Unit

**Date of appointment on the board** 24 April 2017

**Age** 54 year

**Education** M.BA, University of Warwick, UK.  
M.Sc., Construction Management, University of Bath, UK.  
B. Eng., C.E., Kasetsart University

### Training

- 2017 **Thai Institute of Directors (IOD)**  
Directors Certification Program (DCP).

### Experience

- Jul, 2018 - Present Director | Executive Director | Operation Director and Acting Director of Hospitality and Residential Business Unit  
**Christiani & Nielsen (Thai) Public Company Limited**
- Apr, 2017 - Jun, 2018 Director | Executive Director | Operations Director
- Jan, 2019 - Present Director, **Christiani & Nielsen Energy Solutions Company Limited**
- Jul, 2017 - Present Director, **Christiani & Nielsen (Cambodia) Co., Ltd.**
- Jan, 2017 - Apr, 2017 Operations Director **Christiani & Nielsen (Thai) Public Company Limited**
- Feb, 2016 - Dec, 2016 Technical, HRD Director and Strategy Director
- Sep, 2012 - Feb, 2016 Assistant to Technical Director
- May, 2009 - Aug, 2012 Senior Manager, QSHE (Quality Safety Health Environment & Construction Development)
- 1998 - 2008 Senior Commercial Manager, Senior Manager Construction
- 1996 - 1998 Commercial Manager **Christiani & Nielsen (UK) Ltd in England**
- 1993 - 1995 Commercial Manager in Fashion Island Project, Bangkok **Christiani & Nielsen (Thai) Public Company Limited**
- 1993 Cost Engineer **Tara Widnells (Australia) Ltd., Bangkok Branch**

- 1991 - 1992 Studied MSc at University of Bath, UK.

- 1989 - 1990 Design Engineer

**Waterman Consulting Engineering Partnership in London**

### Occupation

Director | Executive Director | Operation Director  
Christiani & Nielsen (Thai) Public Company Limited.

### Directorship and positions held in other companies and other organizations

- Connected Companies Nil
- Non-Connected Companies Nil
- Other related Companies (Subsidiaries/Associated Companies)
  - Listed Companies: Nil
  - Non-Listed Companies
    1. Director, Christiani & Nielsen (Cambodia) Co.Ltd.
    2. Director, Christiani & Nielsen Energy Solutions Company Limited.
- Other Organizations Nil

### No. of Shares held (shares) as of year ended 2019

- By himself Nil
- By his spouse and minor children (if any) Nil

No family relationship with any of the others Directors or any of the Management Team.

## MR. KASEMSIT PATHOMSAK

**Position** Independent Director | Chairman of Audit and Corporate Governance Committee | Chairman of Nomination Committee | Chairman of Remuneration Committee.

**Date of appointment on the board** 10 April, 2012

**Age** 49 years

**Education** Master of Science in Finance from Bentley University, USA.  
Bachelor of Science in Business Administration Northeastern University, Massachusetts, USA.

### Training

- 2016 **Thai Institute of Directors (IOD)** Corporate Governance for Capital Market Intermediaries Program 12/2016.
  - 2010 Audit Committee Program 32/2010.
  - 2010 Monitoring the System of Internal Control and Risk Management 9/2010.
  - 2005 Director Accreditation Program 48/2005.
  - 2003 Director Certification Program 175/2003.
- Capital Market Academy (CMA)**  
Top Executive Program (Class 9).
- Commerce Academy**  
Top Executive Program in Commerce and Trade (TEPCoT) Class 7.  
Tourism Management for Executives Class 1. Bangkok Metropolitan Administration Executive Program Class 1.

### Experience

- Feb, 2013 - Present Independent Director | Chairman of Audit and Corporate Governance Committee | Chairman of Nomination Committee | Chairman of Remuneration Committee, **Christiani & Nielsen (Thai) Public Company Limited.**
- Apr, 2012 - Feb, 2013 Independent Director, Chairman of Audit and Corporate Governance Committee
- 2016 - Present Director, **National Power Supplier Limited.**
- 2014 - Present Executive Chairman, **Merchant Partners Asset Management Limited.**
- 2010 - Present Director, **UOB Kay Hian Securities (Thailand) Public Company Limited.**
- 2005 - Present President and CEO, **Merchant Partners Securities Public Company Limited.**
- Oct, 2019 - Present Sub-Committee on International Relation and Strategy, Parliament House

- Oct, 2019 - Present Member of the Board  
The Civil Aviation Authority of Thailand.
- 2016 - 2018 Director and Audit Committee, **Asia Aviation Public Company Limited.**
- 2003 - 2004 President of **BT Securities Ltd.**
- 1999 - 2003 Country Director for Investment Banking, Credit Lyonnais.  
Securities Asia (Thailand) Ltd.  
Executive Chairman, Merchant Partners Securities Public Company Limited.

### Occupation

### Directorship and positions held in other companies and other organizations

- Connected Companies Nil
- Non-Connected Companies
  - Listed Companies
    1. Director, UOB Kay Hian Securities (Thailand) Public Company Limited.
    2. Director and Audit Committee Asia Avision Public Company Limited.
  - Non-Listed Companies
    1. Executive Chairman, Merchant Partners Asset Management Limited.
    2. Executive Chairman, Merchant Partners Securities Public Company Limited.
    3. Director National Power Supplier Public Company Limited.
- Other related Companies Nil  
(Subsidiaries/Associated Companies)
- Other Organizations Nil

### No. of Shares held (shares) as of year end 2019

- By himself Nil
- By his spouse and minor children (if any) Nil

No family relationship with any of the others Directors or any of the Management Team.



## MR. KRIS THIRAKAOSAL

<b>Position</b>	Independent Director   Audit and Corporate Governance Committee Member   Nomination Committee Member   Remuneration Committee Member.
<b>Date of appointment on the board</b>	6 December 2012
<b>Age</b>	43 years
<b>Education</b>	Master of science in Electronic Commerce Claremont Graduate University Master of art in Economics Claremont Graduate University. Bachelor of Engineering in Industrial Engineering Thammasat University.
<b>Training</b>	<ul style="list-style-type: none"> <li>• 2013 <b>Thai Institute of Directors (IOD)</b> Directors Certification Program (DCP 168/2013).</li> </ul>
<b>Experience</b>	<ul style="list-style-type: none"> <li>• 2013 - Present Independent Director   Audit and Corporate Governance Committee Member   Nomination Committee Member   Remuneration Committee Member, <b>Christiani &amp; Nielsen (Thai) Public Company Limited.</b></li> <li>• 2012 - 2013 Independent Director   Audit and Corporate Governance Committee Member.</li> <li>• 2019 - Present Chief Business Development Officer, <b>BCPR Company Limited.</b></li> <li>• 2018 - Present Independent Director, Audit and Corporate Governance Committee Member, Chairman of Nomination Committee and Chairman of Remuneration Committee, <b>Raimon Land., PCL.</b></li> <li>• 2014 - Present Commercial Director, <b>NIDO Petroleum Limited.</b></li> <li>• 2007 - 2015 Managing Director, Imail Global (Thailand).</li> <li>• 2005 - 2015 Executive Director, General outsourcing.</li> <li>• 2010 - 2014 Chairman, <b>Inova Co, Ltd.</b></li> <li>• 2008 - 2014 Managing Director, Thai-Australian Resources.</li> <li>• 2005 - 2010 Managing Director, <b>Songnam Co., Ltd.</b></li> <li>• 2004 - 2005 Associate Director, Ness Consulting.</li> </ul>

<b>Occupation</b>	Commercial Director, NIDO Petroleum Limited. Independent Director   Audit and Corporate Governance Committee Member   Nomination Committee Member   Remuneration Committee Member, Christiani & Nielsen (Thai) Public Company Limited.
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### Directorship and positions held in other companies and other organizations

• Connected Companies	Nil
• Non-Connected Companies	
- Listed Companies	Nil
- Non-Listed Companies	Commercial Director, NIDO Petroleum Limited.
• Other related Companies (Subsidiaries/Associated Companies)	Nil
• Other Organizations	Nil

### No. of Shares held (shares) as of year ended 2019

• By himself	Nil
• By his spouse and minor children (if any)	

No family relationship with any of the others Directors or any of the Management Team.

## MS. NAMPUNG WONGSMITH

**Position** Independent Director | Audit and Corporate Governance Committee  
Chairperson of Risk Management Committee.

**Date of appointment on the board** 8 August 2014

**Age** 62 years

**Education** M.B.A. Finance  
Oklahoma State University, USA.  
Bachelor of International Economics,  
Chulalongkorn University.

### Training

- 2018 **Thai Institute of Directors (IOD)**  
Program Chairman  
(Role of Chairman Program-RCP),
- 2017 **King Prajadhipok's Institute**  
Corporate Governance for Director and Senior Executive of State Enterprises and Public Organization (No. 17)
- 2016 **Thai Institution of Directors (IOD)**  
Advanced Audit Committee Program (AACP)
- 2008 **Capital Market Academy (CMA).**  
Leadership Program.
- 2007 **Thai Institute of Directors (IOD)**  
Directors Certification Program (DCP).

### Experience

- 2014 - Present Independent Director | Audit and Corporate Governance Committee Member | Chairperson of Risk Management Committee, **Christiani & Nielsen (Thai) Public Company Limited.**
- Oct, 2019 - Present Independent Director, **Krungthai Card Public Company Limited.**
- Feb, 2018 - Present Independent Director, **CP All Public Company Limited.**
- 2017 - Jul, 2019 Independent Director, Bank for Agriculture and Agricultural Cooperatives.
- 2017 - Jan, 2018 Independent Director, **The Transport Co., Ltd.**
- 2015 - Dec, 2017 Risk Management Committee, **Sukhumvit Asset Management Co., Ltd.**
- 2005 - 2012 President, **Sukhumvit Asset Management Co., Ltd.**
- 2003 - 2004 Chief Executive Officer, **Central Credit Information Co., Ltd.**  
(Currently, the name has been changed to National Credit Bureau).
- 2002 - 2003 Deputy Management, Financial Institutions Development Fund (FIDF), **Bank of Thailand.**
- 1997 - 2001 First Vice President, Export Credit Insurance and Foreign Investment Department, **Export-Import Bank of Thailand (EXIM Bank).**

- 1994 - 1997 Vice President, Banking Department, **Export-Import Bank of Thailand (EXIM Bank).**
- 1994 Manager, Banking Department, **Export-Import Bank of Thailand (EXIM Bank).**
- 1991 - 1993 Assistant Vice President, International Banking Department  
Thai Farmers Bank, **Public Company Limited.**
- 1989 - 1991 Manager, Overseas Branch Administration Division (OBA), International Banking Department Thai Farmers Bank, **Public Company Limited.**
- 1988 - 1989 Division Manager, OBA, International Banking Department  
Thai Farmers Bank, **Public Company Limited.**
- 1986 - 1988 Assistant Manager, OBA, International Banking Department  
Thai Farmers Bank, **Public Company Limited.**
- 1984 - 1985 Senior Clerk, OBA, International Banking Department  
Thai Farmers Bank, **Public Company Limited.**
- 1981 - 1982 Checker, Export Documentary Division, International Banking Department  
Thai Farmers Bank, **Public Company Limited.**
- 1980 - 1981 Clerk, International Credit Card Division, International Banking Department  
Thai Farmers Bank, **Public Company Limited.**

### Occupation

Independent Director | Audit and Corporate Governance Committee Member | Chairperson of Risk Management Committee, Christiani & Nielsen (Thai) Public Company Limited.

### Directorship and positions held in other companies and other organizations

- Connected Companies Nil
- Non-Connected Companies
  - Listed Companies
    1. Independent Director, CP All Public Company Limited.
    2. Independent Director, Krungthai Card Public Company Limited.
  - Non-Listed Companies Nil
- Other related Companies Nil  
(Subsidiaries/Associated Companies)
- Other Organizations Nil

### No. of Shares held (shares) as of year ended 2019

- By himself Nil
- By his spouse and minor children (if any)

No family relationship with any of the others Directors or any of the Management Team.

## MR. SUPHON TUBTIMCHAROON

<b>Position</b>	Independent Director
<b>Date of appointment on the board</b>	8 December, 2015
<b>Age</b>	69 years
<b>Education</b>	BS.CE Mapua Institute of Technology, Philippines Diploma in Highway Engineering, KMIT.
<b>Training</b>	
• 2005	<b>Thai Institute of Directors (IOD)</b> Directors Certification Program (DCP) Class.61
• 2009	<b>Capital Market Academy (CMA)</b> Capital Market Academy Executive Leadership Program Class.9
<b>Experience</b>	
• Dec, 2015 - Present	Independent Director <b>Christiani &amp; Nielsen (Thai) Public Company Limited</b>
• 2011 - 2014	Director, <b>International Chamber of Commerce - ICC.</b>
• 2011 - 2013	Director, <b>Thai Paraxylene Company Limited</b>
• 2012 - 2013	Director, <b>Bangchak Petroleum Public Company Limited</b>
• 2009 - 2012	Director, <b>Independent Power Thailand Company Limited</b>
• 2011 - 2012	Director, <b>Thaioil Power Company Limited</b> Director, <b>Thaioil Energy Solutions Company Limited</b>
• 2009 - 2011	Director, <b>Thai Paraxylene Company Limited</b> Executive Vice President, Petrochemicals & Refining Business Unit <b>PTT Public Company Limited</b>
• 2006 - 2009	Executive Vice President, Petrochemicals & Refining Business Unit, <b>PTT Public Company Limited</b> Executive Vice President, Organization Division, <b>IRPC Public Company Limited</b> Managing Director, <b>IRPC A&amp;L Public Company Limited</b> Director, <b>PTT Polymer Marketing Company Limited</b>

• 2005 - 2006	Executive Vice President, Petrochemicals & Refining Business Unit <b>PTT Public Company Limited</b> Senior Executive Vice President, Commercial Division <b>PTT Chemical Public Company Limited</b> Director, <b>PTT Polyethylene Company Limited</b> Director, <b>PTT Phenol Company Limited</b> Director, <b>PTT Utility Company Limited</b> Senior Executive Vice President, Development and Support organization <b>National Petrochemical PCL.</b>
• 2003 - 2005	Executive Vice President, Petrochemicals & Refining Business Unit <b>PTT Public Company Limited</b>

<b>Occupation</b>	Independent Director Christiani & Nielsen (Thai) Public Company Limited
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### Directorship and positions held in other companies and other organizations

• Connected Companies	Nil
• Non-Connected Companies	
• Other related Companies (Subsidiaries/Associated Companies)	Nil
• Other Organizations	Nil

### No. of Shares held (shares) as of year ended 2019

• By himself	Nil
• By his spouse and minor children (if any)	Nil

No family relationship with any of the others Directors or any of the Management Team.

## MR. JOHN SCOTT HEINECKE

<b>Position</b>	Director
<b>Date of appointment on the board</b>	10 April 2013
<b>Age</b>	48 years
<b>Education</b>	BBA International Business, Washington State University, Pullman, USA. BBA Marketing, Washington State University, Pullman, USA.
<b>Training</b>	
• 2004	<b>Thai Institute of Directors (IOD)</b> Director Certification Program (DCP) Class 47/2004.
<b>Experience</b>	
• Apr, 2013 - Present	Director, <b>Christiani &amp; Nielsen (Thai) Public Company Limited.</b>
• Nov, 2013 - Present	Director, <b>Minor International PCL.</b>
• Apr, 2015 - Present	Chief Operating Officer-Hot Chain, <b>The Minor Food Group PCL.</b>
• Mar, 2010 - Present	Director, <b>The Minor Food Group PCL.</b>
• Apr, 2006 - Present	Director, <b>Minor Corporation PCL.</b>
• Jan, 2011 - Present	Board of Trustees, International School Bangkok.
• Feb, 2012 - Nov, 2019	Director, <b>S&amp;P Syndicate PCL.</b>
• Jan, 2009 - 2015	Vice President, <b>The Minor Food Group PCL.</b>
• Jan, 2007 - Jan, 2009	General Manager, <b>The Minor Food Group PCL</b>
• Jan, 2006 - Dec, 2006	Director of Global Sourcing, <b>The Minor Food Group PCL..</b>
• Jan, 2004 - Dec, 2005	General Manager, <b>Burger (Thailand) Ltd.</b>
• Oct, 2002 - Dec, 2003	Operations Manager, <b>Burger (Thailand) Ltd.</b>
• Jul, 2000 - Sep, 2002	Business Development Manager, Fountain Division of <b>Coca-Cola North America, USA.</b>
• Jan, 1998 - Jul, 2000	Account Executive, <b>The Coca-Cola Company, USA.</b>

<b>Occupation</b>	Director, Christiani & Nielsen (Thai) Public Company Limited. Director, Minor International PCL.
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### Directorship and positions held in other companies and other organizations

- Connected Companies Nil
- Non-Connected Companies
  - LISTED COMPANIES:
    - Director, Minor International PCL
  - NON - LISTED COMPANIES:
    1. Director, The Minor Food Group PCL.
    2. Director, Minor Corporation PCL.
- Other related Companies Nil  
(Subsidiaries/Associated Companies)
- Other Organizations  
Board Trustee, International School Bangkok.

### No. of Shares held (shares) as of year ended 2019

- By himself Nil
- By his spouse and minor children (if any) Nil

No family relationship with any of the others Directors or any of the Management Team.

## MR. SURIYON TUCHINDA

<b>Position</b>	Independent Director
<b>Date of appointment on the board</b>	22 April 2019
<b>Age</b>	62 years
<b>Education</b>	University of Hartford, Connecticut USA, Public Administration University of Massachusetts, Lowell Massachusetts USA, MS Computer Science
<b>Training</b>	
• 2004	<b>Thai Institute of Directors (IOD)</b> Directors Certification Program (DCP)
• 2001	<b>University of Pennsylvania</b> Management Development Program
<b>Experience</b>	
• 2019 - Present	Independent Director, <b>Christiani &amp; Nielsen (Thai) Public Company Limited.</b>
• 2019 - Present	Advisor, Office of the President, <b>SCG Cement Building-Material Co., Ltd.</b>
• 2018 - 2019	Head of Steel, Starch & Home and Living Product Division, SCG Trading Executive Director, <b>Eastern Economic Corridor Office (EECO)</b>
• 2013 - 2018	Head of Steel & Home Improvement Product Division, <b>SCG Trading</b>
• 2009 - 2013	Head of Oil & Gas Division, <b>SCG Trading</b>
• 2005 - 2009	<b>SCG Distribution: Special Assignment at Thai Chamber of Commerce &amp; Board of Trade of Thailand</b> - Assistant to the Chairman of <b>Thai Chamber of Commerce and Board of Trade of Thailand</b> - Management Commission, Senate of Thailand - East Asia Committee, <b>The Joint Standing Committee on Commerce, Industry and Banking (JSCCIB)</b> - Project Reviewing Committee, <b>Board of Investment</b>
• 2002 - 2005	<b>SCG Distribution: Special Assignment at Thailand Management Association</b> - CEO <b>Thailand Management Association (TMA)</b> - Director of <b>Japanese Management Association Consulting (JMAC)</b>
• 2001 - 2002	Senior Manager, Overseas office <b>SCG Trading</b>

- 1999 - 2001 **Siam Cement: Special Assignment at Thai Chamber of Commerce and The Board of Trade of Thailand**  
- Director of **Joint Standing Committee on Commerce Industry and Banking**  
- Director of **WTO Committee**  
- Managing Director of **International Chamber of Commerce, Thailand Siam Cement**
- 1995 - 1999 Deputy Corporate Treasurer, Corporate Treasurer office
- 1992 - 1995 TQM Manager, Cement TQM office
- 1990 - 1992 Training Officer, Marketing Training Department
- 1988 - 1990 Coordinator, Customer Service Center
- 1987 - 1988 Coordinator, Central District Sales & Marketing

**Occupation** Independent Director, Christiani & Nielsen (Thai) Public Company Limited  
Advisor, Office of the President, SCG Cement Building-Material Co., Ltd.

### Directorship and positions held in other companies and other organizations

- |   |     |
|---|-----|
| • Connected Companies   | Nil |
| • Non-Connected Companies                                     | Nil |
| • Other related Companies (Subsidiaries/Associated Companies) | Nil |
| • Other Organizations   | Nil |

### No. of Shares held (shares) as of year ended 2019

- |   |     |
|---|-----|
| • By himself                                | Nil |
| • By his spouse and minor children (if any) | Nil |

No family relationship with any of the others Directors or any of the Management Team.

# MANAGEMENT TEAM

MR. KHUSHROO KALI WADIA	DIRECTOR   EXECUTIVE DIRECTOR   RISK MANAGEMENT COMMITTEE MEMBER AND MANAGING DIRECTOR
MR. SURASAK OSATHANUGRAHA	DIRECTOR AND COMPANY SECRETARY   EXECUTIVE DIRECTOR   RISK MANAGEMENT COMMITTEE MEMBER AND ASSISTANT TO MANAGING DIRECTOR
MR. VITES RATANAKORN	DIRECTOR   EXECUTIVE DIRECTOR   OPERATION DIRECTOR AND ACTING DIRECTOR OF HOSPITALITY AND RESIDENTIAL BUSINESS UNIT

\*For profile and shareholding changes, please refer to BOARD OF DIRECTORS — PROFILE

## MR. PICHET NIMPANICH

<b>POSITION</b>	Director of Business Development
<b>AGE</b>	57 years
<b>EDUCATION</b>	Master of Business Administration, National Institute of Development Administration (NIDA) Bachelor of Engineering, Kasetsart University
<b>EXPERIENCE</b>	<ul style="list-style-type: none"> <li>• 2017 - Present Director of Business Development <b>Christiani &amp; Nielsen (Thai) Public Company Limited</b></li> <li>• Aug-2013 - 2016 Assistant to Business Development Director</li> <li>• 2007 - 2013 Senior Vice President, Deputy Chief Executive Officer <b>ASCON Construction Public Company Limited</b></li> <li>• 2002 - 2007 Procurement Manager, Administration Manager <b>Italian-Thai, Takenaka Corp., OBAYASHI Corp., ITO Joint Venture</b></li> <li>• 1994 - 2002 Senior Plant and Supply Manager</li> <li>• 1990 - 1994 Plant and Supply Manager</li> <li>• 1987 - 1990 Electrical Engineer, <b>Italian-Thai Development Public Company Limited</b></li> </ul>

### Position held in other companies

Nil

### No. of Shares held (shares) as of year ended 2019

- By himself -
- By his spouse and minor children (if any) -

No family relationship with any of the other Directors or any of the Management Team.

## MR. THANIN SRISETHI

<b>POSITION</b>	Business Director - Business Development Special Project
<b>AGE</b>	43 years
<b>EDUCATION</b>	Master of Science in Marketing Communications, Illinois Institute of Technology (Stuart Graduate School of Business), USA. Bachelor of Science in Information Systems, Bond University, Queensland, Australia
<b>EXPERIENCE</b>	<ul style="list-style-type: none"><li>• 2017 - Present Director - Business Development Special Project <b>Christiani &amp; Nielsen (Thai) Public Company Limited</b></li><li>• 2015 - 2016 Assistant to Business Development Director (Special Project)</li><li>• Jan, 2019 - Present Director, <b>Christiani &amp; Nielsen Energy Solutions Company Limited</b></li><li>• 2007 - 2015 Managing Director, <b>Krescon Co., Ltd.</b></li><li>• 2004 - 2006 Marketing Director, <b>Natural Insulation (Thailand) Co., Ltd.</b></li><li>• 2001 - 2004 Global Marketing Coordinator, <b>Rockwell First Point Contact (Illinois, USA)</b></li><li>• 1998 - 2000 Marketing Manager, <b>Natural Insulation (Thailand) Co., Ltd.</b></li></ul>

### Position held in other companies

Nil

### No. of Shares held (shares) as of year ended 2019

- By himself  
-
- By his spouse and minor children (if any)  
-

No family relationship with any of the other Directors or any of the Management Team.

## MR. MANU BENJAMANE

<b>POSITION</b>	Director of Building Business Unit
<b>AGE</b>	60 years
<b>EDUCATION</b>	B. Eng., C.E., Institute of Technology and Vocational College, Bangkok, Thailand
<b>EXPERIENCE</b>	<ul style="list-style-type: none"><li>• Dec, 2017 - Present Director of Building Business Unit <b>Christiani &amp; Nielsen (Thai) Public Company Limited</b></li><li>• 2016 - Dec, 2017 Head of Buildings Business Unit</li><li>• 2013 - 2016 Senior Construction Manager</li><li>• 2012 - 2013 Senior Project Manager</li><li>• 1996 - 2012 Contracts Manager on Armed Force Academies Preparatory School Project, Nakorn Nayok</li><li>• 1995 - 1996 Contracts Manager on Dusita Ploenchit Project, Bangkok</li><li>• 1994 - 1995 Project Manager of the following projects<ul style="list-style-type: none"><li>- Project Delta Petchkasem, Petchkasem Road</li><li>- Siam Society Project, Asoke Road</li><li>- Sandoz Canteen, Bangpoo</li><li>- Caltex Gas Station.</li></ul></li><li>• 1993 - 1994 Project Manager on Thanyathanee Golf Course Project in Pathumthani</li><li>• 1992 - 1993 Project Manager on PTT Project, Chonburi</li><li>• 1990 - 1991 Project Engineer on Cerebos New Factory Project</li><li>• 1989 - 1990 Assistant Project Engineer on Sun Paratech Project at Saraburi</li><li>• 1987 - 1989 Estimator at Head Office</li><li>• 1986 - 1987 Field Engineer, on MMC Godown Project, <b>Tanud Trading Co., Ltd.</b></li><li>• 1985 - 1986 Field Engineer, On P.CC Project of U.S. Embassy, <b>Ohmon Kensetsu Corp., Ltd.</b></li></ul>

### Position held in other companies

Nil

### No. of Shares held (shares) as of year ended 2019

- By himself  
-
- By his spouse and minor children (if any)  
-

No family relationship with any of the other Directors or any of the Management Team.

## MR. PONGSAK DITTAPONGPAKDEE

**POSITION** Director of Government Works Business Unit

**AGE** 54 years

**EDUCATION** B. Eng., C.E., Prince of Songkla University (PSU)

### EXPERIENCE

- Dec, 2017 - Present Director of Government Works Business Unit  
**Christiani & Nielsen (Thai) Public Company Limited**
- 2016 - Dec, 2017 Head of Government Works Business Unit
- 2013 - 2016 Senior Manager, Construction
- 2012 Senior Project Manager,
- 1996 - 2012 Project Manager on Sri Siam Paper Factory, Sampran, Nakhonpratom
- 1996 Project Manager on Makro Suratthani, Suratthani
- 1995 - 1996 Project Manager on Bann Busarin Prachautit, Bangkok
- 1995 Deputy Project Manager on Bann Pathumwan Residence, Bangkok
- 1992 - 1995 Project Engineer of the following projects
  - R.S. Tower, Bangkok
  - Future Park Plaza, Rangsit, Bangkok
  - V.S. Thai Heric Factory, Prachinburi**Singkee Co., Ltd.**
- 1989 - 1992 Site Engineer of the following projects
  - Thai Nippon Food Factory, Ayuttaya
  - Hyatt Erawan Hotel, Bangkok
  - Makason Tower, Bangkok**Taisei (Thailand) Co., Ltd.**

### Position held in other companies

Nil

### No. of Shares held (shares) as of year ended 2019

- By himself

-

- By his spouse and minor children (if any)

-

No family relationship with any of the other Directors or any of the Management Team.

## MR. PONGSAK SUTTHAPREEDA

**POSITION** Director of General Construction and MEP Business Unit

**AGE** 53 years

**EDUCATION** B. Eng., M.E., Chiang Mai University

### EXPERIENCE

- Dec, 2017 - Present Director of General Construction and MEP Business Unit  
**Christiani & Nielsen (Thai) Public Company Limited**
- 2016 - Dec, 2017 Head of General Construction and MEP Business Unit
- 2013 - 2016 Senior Manager, Construction
- 2012 - 2014 Project Manager
- 1997 - 2012 M & E Engineer on New Precadet School Project, Nakorn Nayok
- 1995 - 1997 M & E Engineer on Watercliff Tower Project, Bangkok
- 1994 - 1995 M & E Engineer on SR Plaza Complex, Ramindra Road, Bangkok
- 1993 - 1994 M & E Engineer responsible for Air Condition System of Queen Sirikit Hospital Project, Sattahip, Chonburi
- 1990 - 1993 M & E Engineer on Thung Song Plant Project, Nakornsrihammarat  
**Siam Cement Co., Ltd.**

### Position held in other companies

Nil

### No. of Shares held (shares) as of year ended 2019

- By himself

-

- By his spouse and minor children (if any)

-

No family relationship with any of the other Directors or any of the Management Team.



## MR. WATCHARA PROMKHUNTHONG

<b>POSITION</b>	Director of Petrochemical and Special Industry Business Unit
<b>AGE</b>	54 years
<b>EDUCATION</b>	B. Eng., C.E., Prince of Songkla University (PSU)
<b>EXPERIENCE</b>	
• Dec, 2017 - Present	Director of Petrochemical and Special Industry Business Unit <b>Christiani &amp; Nielsen (Thai) Public Company Limited</b>
• 2016 - Dec, 2017	Head of Industry and Hypermarket Business Unit
• 2013 - 2016	Senior Construction Manager
• 2012	Senior Project Manager
• 1996 - 2011	Project Manager on Sai Jai Thai Building, Sanphawut, Bangkok
• 1995 - 1996	Project Manager on Bann Patumwan Residence, Bangkok
• 1994	Field Engineer on Siam Commercial Bank Park Plaza, Ratchayothin, Bangkok Project Engineer on Makro Hatyai, Songkla Province
• 1993	Field Engineer on Nestle Factory Project in Navanakorn Industrial Estate, Bangkok
• 1991 - 1993	Field Engineer on Plub Pla Hospital Project, Bangkok
• 1991	Field Engineer on Lumpini Tower Project, Bangkok <b>Christiani &amp; Holzman Co., Ltd.</b>
• 1990 - 1991	Field Engineer on Silom Complex Project, Bangkok <b>Italian-Thai Co., Ltd.</b>

### Position held in other companies

Nil

### No. of Shares held (shares) as of year ended 2019

- By himself  
-
- By his spouse and minor children (if any)  
-

No family relationship with any of the other Directors or any of the Management Team.

## MR. DAVID GREENBANK

<b>POSITION</b>	<b>Advisor- Commercial</b>
<b>AGE</b>	70 years
<b>EDUCATION</b>	Bachelor of Engineering, Council for National academic Awards
<b>EXPERIENCE</b>	
	<b>Christiani &amp; Nielsen (Thai) Public Company Limited</b>
• Dec, 2017 - Present	Advisor - Commercial
• 2014 - 2017	Commercial Director
• 2011 - 2013	Commercial Consultant
• 2005 - 2010	Commercial Director

### Position held in other companies

Nil

### No. of Shares held (shares) as of year ended 2019

- By himself
  - As of 1 January 2019 1,032,082
  - As of 31 December 2019 1,032,082
- By his spouse and minor children (if any)  
-

No family relationship with any of the other Directors or any of the Management Team.

# CORPORATE GOVERNANCE REPORT

## Definition

Corporate Governance is a set of structures of relationships between Company's management, its board and its shareholders to enhance the business competitiveness towards prosperity and long term shareholder value taking into consideration the interest of other stakeholders. The above definition is as recommended by the Securities and Exchange Commission ("SEC") and the Company has endeavored to follow the same completely in letter and spirit.

## Corporate Governance Policy

Christiani & Nielsen (Thai) Public Company Limited recognizes that good corporate governance is important and necessary for sustainable growth in business and long term shareholder value, and accordingly, with the resolution of the Board of Directors Meeting held on 14th February 2007, the Corporate Governance Policy Manual, Business Ethics and Code of Conduct Manual have been set up and disclosed on the Company's website under the subject of **"Corporate Governance"**. The Audit & Corporate Governance Committee annually review the Corporate Governance Policy (the "Policy") and evaluation of the Policy's implementation, so that the Policy is up to date and appropriate with the current situation. The Policy shall be reviewed and the implementation thereof shall be evaluated to ensure that the Board of Directors, Sub-Committees, Management and Employees understand and implement the Policy correctly for the sustainability of the Company. The Company's administration has been complying with the Principles of Good Corporate Governance, focusing on the significance of and responsibilities towards shareholders and stakeholders of the Company. Consequently, the Company continued to receive a very good rating in the assessment of the corporate governance, and in 2019, the Company received assessment by the regulatory units as below

- In the assessment of the quality of the 2019 Annual General Meeting of Shareholders by the Thai Investors Association, the Company was rated higher than the average score in the year 2018 despite the more intense assessment criteria.
- The Company received an "Excellent" rating in the assessment of corporate governance of Thai listed companies for 2019 from the Thai Institute of Directors Association.

In 2019, the Audit and Corporate Governance Committee considered and reviewed the new version of the Corporate Governance Code for Listed Companies 2017 (CG Code) published by the Securities and Exchange Commission. The Company has adopted the terms of the CG Code which are suitable for its business to ensure business integrity and creating long-term business value to all stakeholders. The Board should strive for governance outcomes, i.e. the competitiveness and performance with long-term perspective; ethical and responsible business; good corporate citizenship; and corporate resilience.

The principle of CG for Board of Director's are as follows:

- Principle 1 Establish clear leadership role and responsibilities of the Board
- Principle 2 Define objectives that promote sustainable value creation
- Principle 3 Strengthen Board effectiveness
- Principle 4 Ensure effective CEO and people management
- Principle 5 Nurture innovation and responsible business
- Principle 6 Strengthen effective risk management and internal controls
- Principle 7 Ensure disclosure and financial integrity
- Principle 8 Ensure engagement and communication with shareholders

The Company's implementation of Good Corporate Governance Principles is outlined in 7 sections hereunder:

## 1. Rights of Shareholders

The Company recognizes the rights and equitable treatment of shareholders and maintains a smooth working relationship to safeguard the best interests of all the shareholders. The basic legal rights comprise the rights to receive share certificates, the rights to buy/sell or to transfer securities held, the rights to share in profits of the Company, the rights to receive dividends, the rights to receive sufficient Company information in a timely manner, the rights to attend the shareholders' meeting, the rights to propose agenda in the shareholders' meeting, the rights to nominate suitable candidates for membership of the Board of Directors, the rights to vote for the appointment or revoke the Directors, the rights to approve the Director's remunerations, the rights to vote for the appointment of auditor and fixing of auditor fee and the rights to take part in decision-making of the Company's material

issues, including the rights to give the proxy to another person to attend and cast the vote in the Meeting.

Apart from the basic rights of shareholders above, the shareholders have the right to receive information on the operating performance of the Company, the newsletter from the Management and other key information via the Company's website. In accordance with Good Corporate Governance Guidelines, the Company has conducted its affairs with a view to protecting shareholders' rights and also encourages all shareholders to exercise their rights. The policy for maintaining rights of shareholders is part of the Company's Corporate Governance Policy Manual which is disclosed on the Company's website.

The Company is responsible to the shareholders in terms of information disclosure, accounting methods, internal information usage and conflict of interests. The Board of Directors and Management are expected to be honest and any decision must be based on honesty and fairness to both major and minor shareholders, and for the collective benefit of all. Some of the policies and procedures followed to protect the rights of the Company's shareholders are follows:

#### **1.1 Appointment of Board members**

The Company has continuously improved the documents required for the appointment of each Board member individually to give additional information in the nominees'/existing Directors' profile in the Company's Annual Report and also to present to the Company's shareholders in the Annual General Meeting ("AGM"). The aforesaid information is provided so that the Company's shareholders can get correct and complete information, which is relevant and required for the appointment of Board members, including details as follows:

- Nominee's/Director's profile: name, position, age, education, relevant knowledge, occupation, working experience and illegal acts (if any).
- Nominee's/Director's positions in any materially connected business.

- Directors' previous performance as Director in terms of meeting attendance
- Nomination procedures (in case of the Directors who retire by rotation).

#### **1.2 Consideration of the policy on Director's remuneration**

The Company seeks the approval of the shareholders on the policy on Directors' remuneration at the AGM, and has also disclosed guidelines/procedures for determining Directors' remuneration in 4.2 "Directors and Management Remuneration" hereunder.

#### **1.3 Appointment of auditors**

The Company seeks the approval of the shareholders on the appointment of the auditors of the Company at the AGM, and has improved the information disclosure for the correctness and completeness of the information required, such as their experience, independence and fees for the decision on the appointment of auditors, includes details as follows:

- Auditor's firm and Auditor's name.
- Auditor's remuneration for approval including separate disclosure for audit and non-audit related remuneration.
- Auditor's remuneration for the previous year.
- Relationship with the Company such as being the Company's advisor.
- Number of years as the Company's auditor (in case of reappointment of the present auditor).
- Auditor's performance.
- The reasons for changing the Auditor (in case the Company appoints a new auditor).

#### **1.4 Consideration of the dividend policy**

Presently, the Company's dividend policy remains unchanged. However, any future changes will be subject to approval from the shareholders.

#### **1.5 Shareholders' Meetings**

The Company has followed the recommended practices of Stock Exchange of Thailand ("SET")/ SEC for holding shareholders' meeting as follows:

#### **Before the date of 2019 Annual General Meeting of Shareholders (AGM)**

- For the AGM of shareholders as of year 2019, the Company provided an opportunity to the

shareholders to propose agenda items for the AGM and an opportunity to the shareholders to nominate suitable candidates for membership of the Board of Directors of the Company. In practice, shareholders with a combined holding of at least 2,000,000 shares could propose agenda items or nominate qualified Directors from 1 October 2018 until 31 December 2018, which exceeds the privileges provided by law to shareholders. The Company has set up this policy, as well as made communication channels through the Company's website and announcements through the SET, based on which, a shareholder or a group of shareholders could propose an agenda item and nominate candidates to be Director for consideration at the AGM.

- Providing complete and correct notice with full information when calling shareholders' meetings is the normal policy of the Company. Such notice includes the objective and reasons for each agenda item, apart from the Board of Directors' comments/opinion thereon, which has always been included. It is made certain that the Company does not amend the agenda of the shareholders' meetings without giving notice to shareholders.
- For the AGM 2019, the Company disclosed the AGM schedule and the AGM Agenda through the SET and Company's website from 22 March 2019 (30 days before the AGM date) for shareholders to plan their schedule for the meeting.
- The Company disclosed the notice of shareholders' AGM 2019 on the Company website from 22 March 2019 (30 days before the AGM date). The Company also instructed the Thailand Securities Depository Co., Ltd., which is the Company's Registrar, to send the AGM 2019 notice to each of the shareholders on 1 April 2019 (21 days in advance of the AGM). Shareholders can get more information from our Investor Relations by calling phone number +66 2 338 8079 or at the Company's website at [www.cn-thai.co.th](http://www.cn-thai.co.th) | [ir@cn-thai.co.th](mailto:ir@cn-thai.co.th)
- The Company publishes the notices of AGM 2019 in both Thai and English newspapers for 3 consecutive days from 3 April 2019 to 5 April 2019 (21 days before the AGM date).
- Facilitate proxy voting: clearly specifying the documents required to give proxy and by sending

out the notice to the Company's shareholders prior to the meeting date at least 14 days. For shareholders who are unable to attend each meeting, the Company has designated the Independent Director to attend and to vote on their behalf in each meeting. Full details for this purpose are provided in the notice of shareholders' meetings. Moreover, the Company has provided Proxy Form B and the notice of the shareholders' meeting both Thai and English on Company's website for downloading.

- The proxy form including supporting documents could also be submitted by facsimile or e-mail for checking in advance.

#### **On the date of the AGM**

During the year 2019, the Company held one shareholders' meeting, which was the AGM No. 86 on 22 April 2019 at 10.30 a.m. at Bussarakam Ballroom, AVANI Atrium Hotel, 1880 New Petchburi Road, Bangkok, Huay-kwang, Bangkok. The Shareholders can conveniently travel since the hotel is located in central Bangkok and close to public transportations, including in the Invitation Letter to Shareholders, the hotel's map and travel detail was also enclosed

- On the meeting date, the Company arranged for shareholder registration to start two hours before the meeting.
- The Company facilitated the attendance of all shareholders in a fair manner by arranging officers to provide information and check shareholders' or proxies' documents according to the requirements stated in the notice at the time of registration. The proper refreshment was also provided for the reception of the attendees.
- The Company provided duty stamp for proxy and proxy holders.
- The registration continued even after the meeting started in order to ensure the participation of all shareholders who came to attend the meeting.
- The Company had arranged a barcode system for registration and vote counting for shareholders' convenience and accuracy of the vote-count.
- To facilitate convenient ballot counting, the Company prepared separate ballots for each agenda item. This was taken a step further for the agenda item in relation to the nomination of Directors whereby

the Company provided separate ballots for the selection of each Director in order to increase transparency for the voting process.

- To enable shareholders to make decisions, the Company provided adequate information in the Notice to the meeting on the agenda items.
- The Company provides full opportunity for shareholders to participate in the meeting and encourages the shareholders to ask relevant questions which are answered by the Management and/or related persons.
- At the meeting, the Company provided simultaneous English and Thai translation of the questions, replies and comments for the benefit of all attendees.
- The Company arranges a video recording of the entire meeting and posts this on the Company website.

**The participants of Chairman of Board of Directors, Chairman of Sub-committees, Directors and Company's top management.**

All directors (except Mr. Maxwell Federbush and Mr. John Scott Heinecke) inclusive of Chairman of the Board of Directors, Chairman of Audit and Corporate Governance Committee, Chairman of Remuneration Committee, Chairman of Nomination Committee, Chairperson of Risk Management Committee and Managing Director (total 10 directors out of 12 directors attended the Meeting, representing 83.3% of total Directors). Moreover, the Company's external auditors also attended the meeting to answer any questions relating to Company's financial statements or the auditing, the legal advisor and representative from minor shareholders also attended the meeting as a witness.

**Procedure for voting, vote casting and counting, query and comment**

Before commencing the meeting, the Chairman informed all attendees about the voting procedure, vote casting and counting, the use of ballot and disclosed of votes counting in each agenda item for transparency, including the shareholders' right to express their opinion or raise questions in each agenda item. The Meeting was in order, there were shareholders present at the Meeting in person and by proxy, holding shares in aggregate of 784,299,756 shares equal to 76.3009 percent of the paid-up shares. The Company had provided the witness in counting the votes during the Meeting.

The agenda of this AGM of Shareholders was considered chronologically as it appeared in the notice submitted to shareholders prior to the AGM, without any changes or request for the AGM to consider any agenda item other than those specified in the notice. All agenda items were voted on and approved in conformance with the relevant laws.

During the 2 hours of the AGM, shareholders were allowed to freely express their opinions, give suggestions, and raise questions on any agenda items. The Directors, Audit and Corporate Governance Committee members and/or Executive Directors gave clear information to the shareholders in each agenda item.

**Record of the Minutes**

The Company records that it has informed the Shareholders of AGM's quorum, voting method, vote counting and the use of ballot prior to the meeting. The Company also informed the name and position of Directors present at the meeting, Directors who was absent, the external auditor, legal advisor and witness for vote counting. All questions, answers and comments, resolution in each agenda items were also recorded. Voting records are divided into agree, disagree, abstain and void. These were recorded in writing in the minutes of meeting in detail so as to enable Shareholders who did not attend the meeting to review and recheck.

The Company prepares the minutes of shareholders' meetings, which are clear and complete and include the names of the Board members' who attended the meeting. The minutes also include a correct and complete record of questions/answers, voting method, vote counting procedure and voting results.

**Disclosure of Shareholders' Meeting's resolutions**

The Company disclosed the resolutions of the Meeting together with voting results in the Meeting date by way of letter to SET and on the Company's Website under "Investors Relation".

After the Meeting, the minutes were prepared with all substantive issues, including voting results, for submission to the SET, and posted on Company's website under "Investors Relation" within 14 days after the Meeting.

## 2. Equitable treatment of Shareholders

The Company ensures the equitable and fair treatment of shareholders in terms of calling and holding shareholders meetings and for protecting the basic rights of shareholders for other matters by taking the following steps:

- Ascertaining that the date, time, venue of the meeting is convenient to attend. The Meeting will be held within 4 months from the end of accounting period.
- Offering one-share-one-vote.
- Registration period commences at least 2 hours in advance to ensure adequate time for completion of registration.
- Providing ballot papers for each agenda item.
- Arranging a barcode system for registration and vote counting for shareholders' convenience and accuracy of the vote-count.
- Providing an opportunity to the minority shareholders to propose agenda items and to nominate candidates for Directorship in advance for the AGM of Shareholders through various channels including the Company's website.
- Providing an opportunity for shareholders to elect Directors by voting on the given ballot papers for each of the Directors separately.
- Not adding any new agenda item without notice to the shareholders in advance.
- The Company provides full opportunity for shareholders to participate in the meeting and encourages the shareholders to ask relevant questions which are answered by the Management and/or related persons.
- The Company has always followed practices and policies for the protection of shareholders rights and has always complied with all laws pertaining to the protection of the rights of shareholders, including obtaining shareholders' approval for any major event and in case of any serious situation that affects the Company's operations from an "Extra-ordinary General Meeting" by providing correct and complete information required for their decision.
- The Company regularly reviews the outstanding unpaid dividends and tries to contact all the shareholders who may have, for some reason, not received their dividends. Thereafter, the Company helps shareholders in terms of

reminding and advising them on the required procedures to collect the dividends

- Directors disclosing their interests and those of their related parties to the Board.
- Directors reporting their ownership of Company's shares to the Board regularly.
- Directors and Executives disclose and report their conflict of interests, including dealings with their relatives, if any, to the Company for the Company's use in complying with the regulation about connected transactions. Such reports on interest are also useful in monitoring their adherence to their duties, by the following practices:
  - A new Director/Executive submits the form "Report on Conflict of Interest Transactions" within 30 days after appointment.
  - Thereafter, when there is a change, said Director/Executive submits the updated form "Report on Conflict of Interest Transactions" immediately or no later than 7 working days from the transaction date.
  - The Company Secretary submits a copy of the report on interest to the Chairman of the Board of Directors and the Chairman of Audit and Corporate Governance Committee within 7 working days from the date on which the Company has received such a report.
- The Board of Directors has established a guideline to prohibit a Director/Executive, who has a conflict of interest on an issue, to participate in the decision-making process related to that issue. Normally, a Director/Executive who has a conflict of interest on an issue, will leave the meeting and rejoin once the issue has been discussed and a decision is made.
- Providing detailed explanations of related-party transactions, characterizing names, relationship, policy, and value of each transaction as explained under the "**Connected Transactions**" section of this Annual Report. No non-compliance cases involving related-party transactions have been detected.
- Following an appropriate policy and laying down procedures for monitoring the use of insider information as explained under the "**Insider Trading Controls**" section of this Annual Report. No cases of insider trading involving the Directors and/or the Management have been detected.

### 3. Recognition of Role of Stakeholders

The Company recognizes the importance of the rights of all stakeholder groups, whether it is the internal stakeholders such as director, employees and management of the Company and/or its subsidiaries, or external stakeholders such as shareholders, creditors, suppliers, customers, communities, government agencies and other related organizations. The Company is aware that the support from each stakeholder would help establish the Company's competitive advantages and profitability, which would contribute greatly to the Company's long term success and prosperity. The Company has also amended its website to include under the subject of "Stakeholder Activities", the policy and code of conduct towards stakeholders in Business Ethics and Code of Conduct Manual and included therein a way whereby the website can be used as one of the channels for any stakeholder to express his/her opinion and contact the Audit and Corporate Governance Committee in case they wish to do so directly without going through the Management. The Committee will treat such information seriously and will maintain utmost confidentiality. If the complaints are not unfounded, the Board would take all remedial action that may be necessary. "Stakeholders Engagement" are disclosed in "Sustainability Report" in this Annual Report.

**Shareholders:** The Company ensures the equitable treatment of shareholders in terms of the participation in an important decision making issue. The Company allows the shareholders to express their opinion and suggestions for the improvement of Company's business operations in order to achieve the long term growth and contribute to the optimum return to the Shareholders. The Company discloses the significant information to Shareholder completely, accurately and transparently. The Company facilitates all shareholders to fully exercise their rights.

**Management:** The Company recognizes that Management is one of the key factors of success for the Company's operations, and accordingly, Management remuneration is appropriately structured and comparable with the Industry norms and other equivalent listed companies in Thailand. The Management is also allowed to work independently without interference as defined in their duties and responsibilities, which are approved by the Board of Directors.

**Employees:** The Company recognizes that Employees are another key factor of success for the Company's operations. The Company aims to build commitment and a long and sustainable relationship with all its Employees. The employment policy is set out to provide transparent, justified and equal treatment for all Employees without prejudice to gender, age, race, nationality, religion, political or other belief. Human resource policies conform to local labour law and regulations and promote the employment of disabled persons. The Company intends to enhance their abilities and capabilities by using their knowledge, competency and experience for their future career development and for the benefit of the Company. The policy is as follows:

#### Employment Policy

The Company provides fair and equal opportunities in employment, job security, and career advancement, as well as adhering to other good principles related to employees and employment.

#### Remuneration Policy

The Company provides fair compensation commensurate with ability and performance, which is related to Company's performance both in short and long term. The compensation must be able to compete in the same industry by considering Company's ability to make profit as well as individual's Key Performance Indicator (KPI) and Competency. Benefits to Employees including some of which are not required by laws are as follows:

Salary is based on duties and responsibilities and individual's performance appraisal by KPI and Competency.

Increments/bonus is based on financial status/performance and future plans of the Company, which depends on many factors beyond the Employees' direct control. Therefore, the Company has allocated a certain budget from its operation as an annual bonus based on the individual performance against performance of the Company and individual assessment with specified quantitative targets.

Other benefits (some are not required by law) to promote employee's quality of life and well-being like Provident Fund whereby the contributions are from Employees and the Company. The contribution rate

from the Company is increased in connection with number of Employees' years of services to promote good morale and serve as a long term incentive to Employees who have many years of service. Other benefits including Workmen's Compensation, Accident Insurance Policy, financial aids in various occasions and activities to promote the good relationship among employer and employee and management.

#### Training Policy

The Company also ensures that Employees are adequately knowledgeable and skillful to perform their jobs for the Company's business, and understand the relevant codes of conduct and practices, and are encouraged to gain knowledge and abilities and keep them updated by following Industry trends and Company future growth as well as for their career advancement. The Company provides in-house and external training for staff, both in the office and at worksites. The costs of such training are borne by the Company. Moreover, the Company allows special leave and flexible working hours for employees who are undergoing longer term professional or degree courses. Moreover, the Company supports good relationship between all employees including the Management.

The annual development programme (Career Path Development) is set up on a continuing basis from year to year. The objective is for employees to realize and understand the opportunities for their career development which is the Company's mission to create "quality employees, quality productivity". According to Company's sustainability development, the 2 focus groups are 1. Top Management and staff at management level, 2. Operation staff at worksite.

Separate detailed reports are provided under the subject of "**Sustainability Report**" in the Annual Report.

#### Occupational Safety and Health Policy

The Company has policies and practices relating to occupational safety and health (OHSAS 18001:2007) for staff at work place to promote safety, prevent accident, sickness and reduce the loss from operations, as well as to promote good physical and mental health of employees.

Separate detailed reports are provided under the subject of "**Sustainability Report**" in the Annual Report.

**Creditors:** The Company recognizes Financial Creditors as one more important factors of success, who provide funds which are essential for the Company's highly capital intensive business. The Company complies with all terms in borrowings, including compliance with the objectives of using the borrowed funds, repayment, collateral, and other conditions as may be agreed. Moreover, if at all there is any covenant in any of the loan agreements with which the Company is not be able to comply, the Company proactively approaches the lenders to seek a waiver or achieve other mutually acceptable solutions.

**Suppliers:** The Company recognizes the importance of satisfied Suppliers, and the Company always ensures that terms and conditions for Suppliers are based on Industry norms and practices and thereafter, agreed terms and conditions are strictly followed by the Company. The Company does not request any benefit from suppliers.

**Customers:** The Company recognizes the importance of Customers, who support the Company's business, and the Company always provides the highest quality of work and services, with quality work guaranteed, within agreed construction periods, and in compliance with the Customer's specifications. The Company also solicits client satisfaction feedback for improving and developing operation to maximize Customer's satisfaction. The Customers' confidential information is used exclusively for the concerned business, without revealing it unless required by laws, regulations, or with consent from the information owners, including issues related to marketing, market power exercises, price setting, and details of services, quality and safety. The Company has provided a separate detailed report under the subject of "Responsibility for products and services" section in "**Sustainability Report**" of the Annual Report.

**Competitors:** The Company acts within the rules of fair trade, neither attacking trade competitors' reputations with false allegations, nor does the Company access competitors' confidential information or use dishonest or inappropriate means for any purpose.



**Social Responsibility to the Community:** The Company recognizes its responsibility to the Community and is often involved in supporting Community activities and being attentive to the consequences of the Company's conduct, including making efforts to absorb social accountability, going beyond what the relevant laws require. The Company has provided a separate detailed report under the subject of **"Sustainability Report"** of the Annual Report.

**Environment:** The Company recognizes that the construction business, if conducted irresponsibly, may affect the environment by both noise and air pollution. For the protection of the environment, the Company has applied to be certified for Occupational Health and Safety Assessment Series: OHSAS 18001:2007, for all worksites as explained under the **"Sustainability Report"** in this Annual Report.

**Regulators:** In the construction business, the Company's is governed by many laws and regulations. The Company recognizes the significance of compliance with related laws and regulations and has included its review of compliance as one of the duties of the Internal Audit Department headed by a qualified Internal Auditor. The Internal Audit Manager provides an annual compliance review report of related laws and regulations and reports directly to the Audit & Corporate Governance Committee, as explained under the **"Audit & Corporate Governance Committee Report"** of this Annual Report.

**Respect for International Human Rights Principles:** The Company requires that all of its directors, the management and staff should strictly respect International Human Rights Principles as part of the operations, including the use of enforced labour or child labour. The Company shall not support any activity which may lead to the violation of human rights. Every stakeholder shall be treated equally with full respect regardless of their race, ethnicity, and color of the skin, family background, religion, social status, gender, age, characters, physical appearance, financial status, or any other status. The Company also promotes the monitoring of human rights compliance within the Company and encourages its subsidiaries, investors, suppliers and all stakeholders to observe the international human rights principles.

The Company also encourages the improvement of the quality of life of disabled people, by employing them under the same terms and conditions as other Staff. Moreover, the Company also provides facilities for the disabled i.e. elevator, toilet etc. in its new Head Office. Separate detailed report is provided under the subject of **"Sustainability Report"** of the Annual Report.

**Ethics for Intellectual Property Rights:** The Company requires that all of its Directors, the Management and Staff strictly respect the intellectual property rights of others, whether in relation to trademarks, patents, copyrights, classified commercial information, or other stipulated categories of intellectual property, and encourages our staff to ensure that the application of research findings or other data in their work does not constitute a violation of other people's intellectual property rights.

**Policy on preventing corruption and offering bribes:**

The Company is committed to conduct its business according to good governance, transparency and fair treatment. The Company has a policy to prohibit all forms of fraudulent and/or corruption, either directly and indirectly with both public and private sectors, along with raising consciousness to ensure that all of its personnel have at all times adhered to the codes of conduct, ethics and morally in business operations.

The Company has a zero tolerance policy for fraudulent and/or corrupt behavior and takes corruption and bribery transactions, if any, very seriously. The policy was written in the Corporate Governance Policy, Code of Conduct including Anti-corruption Policy which is always followed by the Company. Any violation of the Policy is regarded as a serious matter by the Company and will result in disciplinary action, including termination, consistent with local law.

The Company has guidelines for preventing corruption and offering bribes as follows:

- All company employees must show a commitment to anti-corruption efforts and engage in building awareness and a culture that values honesty and transparency.

- All Company employees must not accept any gift of any kind, regardless of value. In cases where unavoidable must strictly followed the “No Gift Policy”.
- The Company shall take immediate action both in terms of the Company’s regulations and legal if any employee is found and proved to be dishonest in their duties and responsibilities.
- Procurement is to be conducted according to the Company’s guidelines and should be fair to all involved. The procurement’s decisions are to be made on the basis of reasonable prices, quality and services, and should stand scrutiny if an investigation occurs.
- To ensure transparency and to prevent any circumstances which may lead to corruption, transactions with the Government must strictly follow the “Anti-Corruption Policy”.
- Communication to Company employees must not involve any form of corruption, whether direct or indirect. All employees must not offer, promise, demand of accept any form of bribes or engage in behavior that can be interpreted as such, whether for the benefit of themselves, the Company or other related parties, such as family members or associates, whether in dealing with institutions within the public or private sector. All employees must comply with relevant laws, especially those related to corruption, both in Thailand and other countries where the Company operates.
- Conduct corruption risk analysis and ensure corruption-risk awareness in the design of internal systems, especially in purchasing and contracts, human resources, record keeping, expense claims with high risk of corruption and transactions that involve government institutions.
- Include Anti-Corruption Policy as part of Company’s standard contract with our Sub-contractors.
- Publish anti-corruption policy to inform our staff both in Head Office and Construction Sites including our suppliers and sub-contractors of the anti-corruption policy so that everyone shall have the same practice under the policy. The anti-corruption content to be communicated to include policy, guidelines and related regulations, as well as the company’s expectations on compliance, pledge to protect whistleblowers and employees who refuse to engage in corruption activities, as well as punishment for those who fail to comply.
- Conduct internal audits to ensure that anti-corruption guidelines are being followed and provide regular reports to related committees, and immediately escalate emergency corruption-related findings to senior management and the Board of Directors.
- The Company determined to declare declared an intention to join CAC and with the target to be certified by CAC that the Company’s internal control for anti-corruption policy is appropriate, effective and efficient. This is to ensure all stakeholders that the Company is doing its business with transparency, integrity and without corruption for equal benefits to all stakeholders.

In 2019, the Company emphasized the importance of anti-corruption by encouraging all employees to be aware and follow the Anti-corruption Policy as part of Company’s culture. The actions taken are as under:

- The training about anti-corruption and its related law will be organized for Company staff both at the Head Office and Construction Sites to ensure that everyone understands the objective and importance of anti-corruption policy and can implement in accordance with the policy and guidelines.
- Determined “Anti-corruption Policy” as a compulsory programme on E-learning as to ensure that all employees will have an understanding and conduct correctly according to the policy. The test will be done with minimum scores to pass the test.
- On 25 November 2019, No-Gift Policy was announced to all staff as well as asking for the collaboration from all business partners not to give any gifts either in cash or in kind for any occasion to any of our personnel but to change the gifts into the greeting card.
- The Company had reviewed and announced its Anti-Corruption Policy which is in accordance with the guidelines provided by the Private Sector Collective Action Coalition Against Corruption Committee (CAC) and National Anti-Corruption Commission (NACC) on the Website.

Moreover, the Company has established channels for reporting any misconduct, fraudulent act or corruption and provides protection and remedies for any person who files a complaint or cooperates in the investigation of the charge.

**Communication with the Board of Directors and whistle-blowing Policy**

The Company has a policy and guidelines on anti-corruption and does not engage in any form of bribery. This policy is clearly stipulated in the Corporate Governance Policy Manual and the Business Ethics and code of Conduct Manual which has always been strictly complied with. To ensure fair treatment of all stakeholders under this Code of Conduct, the Company has set up a channel for any business suggestions, complaints, or recommendations. The whistle blowing channel has been created for the purpose of informing the company about the impact of company’s business, director’s, management’s, staff’s performances, wrongful and unjust actions, code of conduct violation, corruption, or suspicion. To protect the right of complainers, the whistle-blower and complaint protection all information received will be treated confidentially.

The Company has set up channels for communication where every stakeholder can suggest, file a complaint, and file a report in regards to corruption activities or unfair treatment, or disorderly acts of our employee. All information will be kept confidential according to whistle-blowers protection policy.

**Whistleblowing/complaints**

The Company’s Board of Directors assigned the Audit and Corporate Governance committee to be in charge of the complaints or suggestions as above. The whistleblower or the complainants can send a message by email or mail a letter to Secretary of Audit and Corporate Governance Committee at the following address:

By mail:  
 Mr. Ponpisith Charoenthai (Internal Audit Department)  
 Secretary of Audit and Corporate Governance Committee  
 Christiani & Nielsen (Thai) Public Company Limited  
 727 La Salle Road, Bangna-Tai Subdistrict, Bangna District, Bangkok 10260, Thailand  
 By e-mail: ponpisch@cn-thai.co.th

Other communication channels:

Hotline	66 2 338 8121	
And/or other related departments as under:		
Legal	66 2 338 8139	E-mail sittiksu@cn-thai.co.th
Human Resources Management	66 2 338 8002	E-mail alisani@cn-thai.co.th
Internal audit	66 2 338 8161	E-mail ponpisch@cn-thai.co.th
Company Secretary	66 2 338 8121	E-mail sophidpa@cn-thai.co.th
Investor Relations	66 2 338 8077	E-mail phaneech@ch-thai.co.th

Whistleblowing on website

[www.cn-thai.co.th](http://www.cn-thai.co.th)

Complaint Box within the Company

**The Complaint handling procedure**

- When the whistle is blown or complaint is filed, the Secretary of Audit and Corporate Governance Committee or whistleblowing/complaints’ receiver will collect the factual evidence of the corruption, breaching or violation of Code of Conduct. Then report it to Audit and Corporate Governance Committee or Executive Directors or Management Executives.
- Audit and Corporate Governance committee or Executive Director or Management Executives

will assign Legal section, Human Resources Management Department and Internal Audit to jointly investigate all factual evidence and contact the whistleblower/complainants for more information. As such all information will be kept confidential.

- Whistleblowing/complainant receiver/designated person shall evaluate and review all evidence within 30 days. The assigned person shall categorize evidence i.e. management issue, truth finding issue, and so on.

- If the whistleblowing/complaint has solid proof that there's corruption, violation, or misconducts, the designated person shall come up with procedures to stop such violation or legal non-compliance acts. The company shall impose disciplinary punishment against any person who violates or fails to comply with the policy on anti-corruption, business ethics and company's rules and regulations deemed appropriate. The Company shall proceed to alleviate the trouble for the inflicted person and mitigate damages that occurred.
- Appointed person is responsible for collecting all complaints, following up, and reporting the result of investigation to Audit and Corporate Governance Committee and/or to all relevant directors, managements respectively, depending on each case.
- Complaint receiver is responsible for notifying the whistleblower/complainant about the result provided that the whistleblower/complainant's identity is known.
- If there is any complaint lodged against the supervisor, the audit committee will be responsible for protecting the whistler-blower, the complainant, and the witness. The audit committee must ensure that no harm shall be done to them. If the complainant is harmed or being treated unfairly in any way, please inform the audit committee directly.
- Managing director is responsible for giving orders as seen appropriate to protect the whistle-blower, complainant, and the witness. Managing director must ensure that no harm shall be done to them as a result of informing the truth.
- Managing Director can assign one of the executives to give orders to protect the whistle-blower, the complainant, and the witness on his behalf. However, the assigned executive himself must not be involved with the case either directly or indirectly. (The executive must not be one of the accused person by his subordinate.) The person who receives the complaint is responsible for keeping the information and evidence confidential. He must not reveal information to anyone unless required to do so by law.

#### **Whistle-blower and Complainant Protection**

In order to protect the rights of the whistleblower, the complainant and the informant, or those who participated in the investigation, the Company will conceal name, address, and any information that can possibly identify them. In addition, the Company will keep all information confidential. Only responsible person who conducts the investigation will be able to access such information.

#### **Confidentiality**

The Company realized that the informer wishes to keep information confidential. In principle, the Company will keep all reports confidential. The Company hopes that the informer will do the same. Therefore, informer's identity will be classified.

However, in certain circumstances, the informer may be required to give statement or evidence to Company's representative. If such circumstance occurs, the Company cannot guarantee that all information can be kept confidential. However, the Company will make sure that only necessary information can be revealed. Moreover, name of the informer will not be revealed without prior consent.

#### **Informer Protection**

No member of the Board, Executive or Staff who in good faith reports a violation of the Code of Conduct or reports a complaint or concern involving matters covered by this Whistleblowing Policy shall suffer harassment, retaliation or adverse employment as a result of such a report. An employee who retaliates against someone who has reported a violation, complaint or concern in good faith is subject to disciplinary punishment which includes termination of employment.

### **4. Disclosure and Transparency**

The Company has tightened procedures to take care of important information to be disclosed, including both financial and non-financial statements and reports. The information is disclosed correctly, accurately, on a timely basis and transparently, through the proper channels that users can fairly and trustfully access. This is to ensure that shareholders and all stakeholders are equally receiving information as specified by laws, organization and other related government parties.

#### 4.1 Board of Directors' Report

The Board of Directors is responsible for the Company and its subsidiaries' financial statements and financial information presented in this Annual Report. The report on the Board of Directors' Responsibilities for Financial Statements is presented along with the Report of Independent Auditor and Audited Financial Statements in this Annual Report.

#### 4.2 Directors and Management Remuneration

On 20<sup>th</sup> February 2013, the Board appointed and assigned the Remuneration Committee to set procedures for consideration of the remuneration of the Directors, Sub-committee Members and Senior Management. The remuneration of directors and sub-committee members will propose to the Board of Directors. The Board of Directors is not empowered to fix the remuneration of the Directors and Sub-committee Members but is required to place their recommendations on the same to the shareholders for their approval. The composition, role and duties and qualifications

of Remuneration Committee and Remuneration Criteria are disclosed on Company's website.

The remuneration for Executive Directors who are working full time in the Company or in the subsidiary companies, Managing Director and Senior Management will be fixed in accordance with the principles and policies set by the Remuneration Committee. The Board of Directors directly and specifically approves the remuneration which is appropriate and at a sufficient level to attract and retain qualified high-ranking executives to work with the company based on the remuneration in the Industry for equivalent positions, financial status/performance of the Company for both short term and long term and their respective individual performances.

In the years 2019 and 2018 the Company proposed the remuneration, meeting allowance and bonus pay, with no other remunerations to the Board of Directors to the shareholders for their approval. The Directors' remunerations approved by the shareholders' meetings are as follows:

### Director's Remuneration 2019

	Meeting Allowance				Remuneration		Bonus	
	Audit & CG Committees*		Director					
	Baht/Attendance/Person		Baht/Attendance/Person		Baht/Month			
	2019	2018	2019	2018	2019	2018	2019	2018
1. Chairman of the Board	-	-	60,000	60,000	20,000	20,000		
2. Director	-	-	30,000	30,000	10,000	10,000		
3. Chairman of Audit & CG Committee	60,000	60,000	30,000	30,000	30,000	30,000		
4. Audit & CG Committee	45,000	45,000	30,000	30,000	25,000	25,000	-	
5. Chairman of other Sub-committees	-	-	-	-	-	-		
6. Member of other Sub-committees	-	-	-	-	-	-		

At present the Company's Board of Directors consist of 12 Directors including 3 Audit & CG Committee Members.

A comparison of the regular remuneration paid to the Chairman of the Board, each Director, the Chairman of Audit and Corporate Governance Committee, each Audit and Corporate Governance Committee member among the Company and other listed companies and other construction listed companies is as follows:

### Comparison for regular remuneration

Unit: Thousand Baht/person/year

Position	CNT*		Other Listed Companies **								
			Listed Companies Property and Construction			Listed Companies with Revenue 5,001-10,000 MB			All Lsted Companies		
	2019	2018	Mean	Min	Max	Mean	Min	Max	Mean	Min	Max
Chairman of the Board of Directors	240	240	929	240	3,840	772	201	2,880	837	40	8,280
Executive Directors	120	120	500	120	2,160	376	120	2,160	402	40	3,000
Non-Executive Directors	120	120	488	120	2,160	425	120	2,160	408	40	3,000
Chairman of Audit & CG Committee ***	360	360	377	60	840	384	120	1,500	400	60	3,600
Audit & CG Committee Member ***	300	300	270	60	600	259	72	840	286	40	2,400

\* CNT figures are actuals of respective years

\*\* From IOD's Thai Directors Companies Survey 2018

\*\*\* Additional remuneration as Chairman of Audit & CG Committee | Audit & CG Committee Member

A comparison of the regular remuneration, meeting allowance and bonus paid to the Chairman of the Board, each Director, the Chairman of Audit and Corporate Governance Committee, each Audit and Corporate Governance Committee member among the Company and other listed companies and other construction listed companies is as follows:

### Comparison for regular remuneration, meeting allowance and bonus

Unit: Thousand Baht/person/year

Position	CNT		Other Listed Companies **								
			Listed Companies Property and Construction			Listed Companies with Revenue 5,001-10,000 MB			All Lsted Companies		
	Monthly Remuneration, Meeting Allowance and Bonus			Monthly Remuneration, Meeting Allowance and Bonus			Monthly Remuneration, Meeting Allowance and Bonus				
	2019	2018	Mean	Min	Max	Mean	Min	Max	Mean	Min	Max
Chairman of the Board of Directors	600	925	2,125	400	12,240	1,647	239	6,115	1,993	78	17,640
Executive Directors	300	462	1,330	322	7,560	988	158	4,037	1,187	78	8,880
Non-Executive Directors	300	462	1,244	206	7,560	1,034	181	3,856	1,197	86	8,880
Chairman of Audit & CG Committee ***	600	762	963	415	1,940	834	348	2,375	890	211	4,730
Audit & CG Committee Member ***	480	642	720	380	1,370	648	192	1,730	678	148	3,435

\* CNT figures are actuals of respective years

\*\* From IOD's Thai Directors Companies Survey 2018

\*\*\* Additinnak remuneration, meeting allowance as Chairman of Audit & CG Committee | Audit & CG Committee Member

## Directors Remuneration

In the past year, the Company's directors received remuneration in term of monthly remuneration, meeting allowance and bonus as follows:

Name	Monthly Remuneration Baht	Meeting Allowance Baht	Bonus Year 2019 Baht
<u>(Period 1 January - 31 December 2019)</u>			
1. Mr. Santi Grachangnetara Chairman of the Board of Directors	240,000.-	360,000.-	-
2. Mr. Kirit Shah Vice-chairman of the Board of Directors   Executive Director	120,000.-	150,000.-	-
3. Mr. Surasak Osathanugraha Executive Director	120,000.-	180,000.-	-
4. Mr. Khushroo Kali Wadia Managing Director	120,000.-	180,000.-	-
5. Mr. Kasemsit Pathomsak Chairman of Audit & CG Committee   Independent Director	360,000.-	330,000.-	-
6. Mr. Ishaan Shah Executive Director	120,000.-	180,000.-	-
7. Mr. Kris Thirakaosal Audit & CG Committee Member   Independent Director	300,000.-	255,000.-	-
8. Mr. John Heinecke Director	120,000.-	90,000.-	-
9. Mrs. Nampung Wongsmith Audit & CG Committee Member   Independent Director	300,000.-	360,000.-	-
10. Mr. Suphon Tubtimcharoon Independent Director	120,000.-	150,000.-	-
11. Mr. Vites Ratanakorn Executive Director	120,000.-	180,000.-	-
<u>Period 22 Apr.- 31 Dec.19</u>			
12. Mr.Suriyon Tuchinda* Independent Director	83,000.-	120,000.-	-
<u>Period 1 Jan. - 22 Apr.19</u>			
13. Mr. Maxwell Federbush** Director	37,333.-	-	-

At the Annual General Meeting 2019 held on 22 April 2019, the shareholders resolve to appoint Mr. Suriyon Tuchinda\* as an Independent Director replacing Mr. Maxwell Federbush\*\* Director, who was due to retire by rotation, and intended not to be elected as a director for another term.

## Management

Name and position of the Company's executives (as on 31st December 2019)

	Name	Position
1.	Mr. Khushroo Kali Wadia	Managing Director
2.	Mr. Surasak Osathanugraha	Assistant to Managing Director (Finance & Accounts)
3.	Mr. Vites Ratanakorn	Operations Director
4.	Mr. Pichet Nimpanich	Business Development Director
5.	Mr. Thanin Srisethi	Business Development Director (Special Project)
6.	Mr. Manu Benjaminee	Director - General Buildings Business Unit
7.	Mr. Pongsak Dittapongpakdee	Director - Government Works Business Unit
8.	Mr. Watchara Promkhunthong	Director - Petrochemical and Special Industry Business Unit
9.	Mr. Pongsak Sutthapreeda	Director - General Constructions and MEP Business Unit

### Advisor

1. Mr. David Greenbank Advisor - Commercial

Note:

- Detail of Company's executives are described in "Directors and Management Details" in this Annual Report.
- Violation records - None

### Remuneration for Management

In the year 2019 and 2018, the Company and its subsidiary paid remuneration, including salary and bonus, to directors and executives (including Managing Director) for 2019 = 19 persons (2018 = 20 persons) totaling Baht 50 million (2018 = Baht 49 million).

The total remuneration to the Managing Director for 2019 was Baht 8.68 million which comprised of salary of Baht 8.38 million, director fees of Baht 0.30 million with no other remuneration.

### Contribution to Provident Fund for Executives

The Company provided the Provident Fund for all Staff including Executives with contribution rate of 5-9 percent

(depending on each Executive's years of service). In the year 2019 the total contribution from the Company for 9 persons is Baht 1.8 million.

**Other remuneration for directors** - None -

### 4.3 Information on Company's shareholding by Directors and Managements both direct and indirect

Pursuant to Section 59 of the Securities and Exchange Act, B.E. 2535, all Directors and Management personnel are required to report the changes in their (including their Relevant Persons) shareholding to the Office of the Securities and Exchange Commission within 3 business days from the date of trading/transfer of the Company's shares and/or other securities of the Company (if any). If there is any change, the Company Secretary will report such change in shareholding of the Directors, Management and top Executives to the Board of Directors on a quarterly basis. Details are described under "Supervision of the use of Insider Information" in this Annual Report.



## Directors and management shareholding report

Name	Ordinary Shares (No. of shares)			
	As of 31/12/2018	Change in Year 2019 Increase (Decrease)	As of 31/12/2019	
			Numbers	Percentage
1. Globlex Corporation Co., Ltd.	581,126,256	-	581,126,256	56.535
2. Mr. Ishaan Shah Spouse and Minors	94,372,280	-	94,372,280	9.181

### 4.4 Relations with investors

The Board of Directors recognizes the importance of accurate, complete and transparent disclosure of financial information and general information, which may affect the Company's share price. The Company provides information through

the SET and the Company's website. While the Company undertakes investor relations at the top Management level, the Company has also designated persons as the contact points in the Company to service investors, shareholders, analysts and public as under.

Mr. Khushroo Kali Wadia	Managing Director Telephone: +66 2 338 8111 E-mail: khushroowa@cn-thai.co.th
Mr. Surasak Osathanugraha	Assistant to Managing Director (Finance & Accounts) Company Secretary Telephone: +66 2 338 8100 E-mail: surasakos@cn-thai.co.th
Mrs. Phanee Charoencharoenchai	Senior Manager Group Finance and Accounts Telephone: +66 2 338 8077 E-mail: phaneech@cn-thai.co.th

The Company participates in the investor relations activities held by SET called "Opportunity Day" quarterly, including interaction with press, which are attended by the Managing Director, Assistant to Managing Director and Operations Director.

During the past year, the Company had joined 4 Opportunity Days and also took part in a number of press interviews.

Year /No. of time	Meeting with Analysts	Meeting with Investors	Presentations	Interview with newspapers/TV	Total
2019	5	6	5	2	18
2018	5	6	5	11	27
2017	8	6	5	6	25
2016	5	6	5	6	22

## 5. Responsibilities of the Board

### 5.1 Board Structure

The number of members on the Board of Directors is commensurate with the size and complexity of the Company's business. Currently, there are 12 Directors on the Board of Directors of the Company which consists of:

- 5 Executive Directors (3 Director as full-time employees of the Company),
- 2 Non-Executive Directors
- 5 Independent Directors (more than one-third of total Board Members).

The Audit and Corporate Governance Committee comprises entirely of Independent Directors.

Among 12 directors, there are 11 male directors, 1 female director. 4 Directors are between 30-50 years of age and 8 directors are more than 50 years old.

#### Board Diversity

The Company considered increasing diversity at the Board level as an essential element in supporting the attainment of its strategic objectives and sustainable development. The Board members represent diversity from a range of perspectives including gender, age, educational background, skills, knowledge and professional experience. And for the selection of new directors, the Board of Directors will consider candidate's qualifications, having regard to the mix of skills, diversity and in line with the Company's strategic direction.

#### **Definition**

##### Executive Director:

An Executive Director is a Director who is involved in the Management of the Company on a full-time basis and receives regular monthly remuneration from the Company in the form of salary or its equivalent.

##### Independent Director:

The Independent Directors are independent from the Management and have no business or activities with the Company and must not be involved in the day-to-day management of the Company or an affiliated company which may compromise the Interests of the Company and/or the Shareholders.

The qualifications of the Independent Directors of the Company comply with the rules and regulations of

the SET and the SEC, Thailand but some have higher qualifications.

##### Qualifications of Independent Directors of the Company:

- Holding shares not exceeding 0.50 per cent of the total number of shares with voting rights of the Company, its parent company, subsidiaries, associate companies, major shareholder or controlling person, including shares held by related persons of such Independent Director.
- Neither being nor used to be an Executive Director, Employee, Staff, Advisor who receives salary or other kinds of compensation from the Company, its parent company, subsidiaries, associate companies, major shareholder or controlling persons or other juristic person may have conflicts of interests (present and during less than 2 years prior to the date of appointment).
- They must not be a blood relative, legal relative, related person or close relative of any Executive Director, top Executive, major shareholder or controlling person in/of the Company.
- Neither having nor used to have a business relationship pursuant to the regulations of the SEC and also must be free of any present, direct or indirect, financial or other interest in the management and business of the Company, its subsidiaries, associated companies, or its major shareholders.

The term "business relationship" under the above paragraph, such as any normal business transaction, rental, or lease of immovable properties, transaction relating to assets or services, or grant or receipt of financial support through receiving of extending loans, guarantee, providing assets as collateral, including any other similar action whose value exceeds Baht 20 million or more than 3% of the net tangible assets, whichever is lower.
- Neither being nor used to be an auditor or a provider of any professional services including those as legal advisor or financial advisor from the Company, its parent company, subsidiaries, associate companies, major shareholder or controlling person and not being a significant shareholder, controlling person or partner of the provider of professional services, unless the foregoing relations has ended not less than 2 years prior to the date of appointment.

- They must not be acting as a nominee or representative of any Director, major shareholder or shareholders, who are a relative of any major shareholders of the Company.
- Not undertaking any business of same nature and in competition to the business of the Company or its subsidiary company or not being a significant partner, or being an Executive Director, Employee, Staff, Advisor who receives salary or controlling person or holding shares exceeding one per cent of the total number of shares with voting rights of other company which undertakes business in the same nature and in competition to the business of the Company or its subsidiary company.
- They must be able to carry out their duties, exercise their judgments, and report the committee's performances, which are assigned by the Board of Directors without being influenced by Executive Directors or major shareholders of the Company, including related persons or relatives.
- Not having any other characteristics which cause the inability to express independent opinions.
- Being able to provide equitable protection to the benefit of all shareholders, and being able to prevent any conflict of interests that might occur between the Company and Executives, major shareholders, or any other company having similar major shareholders. May be appointed by the Board of Directors to make decision in a group (collective decision) regarding business operation for the Company, subsidiaries, affiliate or juristic person which may have conflicts of interest.

#### **Definition of Related Persons**

Related persons shall include persons who are involved in any kind of benefits or are related to the Company's business to a significant amount, such as suppliers, customers, or creditors. This kind of connection may affect the Independent Directors in carrying out their duties independently or conveniently.

#### Independent Directors' Roles and Duties

1. Independent Directors should gain access to financial and other business information adequately for them to perform their duties effectively.
2. They are expected to regularly attend every

- Board meeting, including committee meetings, and raise good questions to ensure the interests of the Company's shareholders' and the protection of rights of other stakeholders', and ensure that the Company complies with best practices.
3. Independent Directors are expected to possess abilities and display willingness to learn about the Company's business and are also expected to express their views independently, as well as dedicate time and attention to the Company as needed.
  4. Independent Directors are expected to regularly hold meetings among themselves, and try in every way possible to look for opportunities in which they can discuss business management issues with the Management.
  5. Independent Directors are expected to submit a confirmation letter to the Company verifying their independence in accordance with the Company's definition; on the date they accept the appointment and every subsequent year if required.
  6. There should be specific terms given to Independent Directors, and no Director must stay on beyond a certain time limit. Nonetheless, the difficulties of searching an appropriate replacement and the benefits of the working relationship built up over the years within the Independent Directors and their understanding of the business must also be taken into account. Accordingly, at present no time limit has been set up for the Independent Directors apart from the statutory limits placed under applicable law.

#### **Other Committee**

Apart from the Board of Directors and the Executive Board of Directors, the following sub-committees were appointed by the Board of Directors on 20th February 2013:

- The Audit and Corporate Governance Committee (Formerly "Audit Committee", changed with the Board of Directors resolution on 16th November 2000)
- The Remuneration Committee
- The Nomination Committee
- The Risk Management Committee

The Composition, Role and Duties and Qualifications of each Committee are described under "**Management**" in this annual report.

## Other principles and practice involved

### A) Term of Directors

Board of Directors: At every AGM, one-third of the Directors shall retire. The Director who has held office longest shall retire. If the number of Directors cannot be divided into three parts, the number of Directors closest to one-third shall retire. The retiring Directors may be re-elected. In addition, the tenure of a director normally should not be longer than three consecutive terms but this requirement may be waived by the Board of Directors after due consideration.

Sub-Committee Members: Each member of the Sub-committees holds office during the same term as that of his/her Board membership. The tenure of a Sub-committee member normally should not be longer than three consecutive terms but this requirement may be waived by the Board of Directors after due consideration.

Independent Directors: The Independent Directors of the Company shall normally hold office for a term not exceeding 9 years from the first date of appointment as Independent Director. However, depending on the reasonable needs of the business and ease or difficulty in finding suitably qualified candidates as Independent Directors.

### B) Board of Directors' and sub-committees' Meeting

The Board of Directors' meetings are required at least 6 times per year and held quarterly on a regular basis, but extraordinary or special meetings, if required, may be called at any time during the year. Each meeting has a specific agenda, which would include a review of the Company's operations and following up of outstanding issues. The Company Secretary sends the notice of each meeting and the relevant documents to all Directors, at least 7 days prior to the meeting date, so as to allow sufficient time for them to review the information before joining the meeting, unless there is an overriding necessity or urgent matter.

The Company Secretary will prepare the meeting schedule in advance and distribute to all board members, so as to allow them to arrange the time to attend the meeting. Moreover at every Board of Director Meeting, Company Secretary will regularly inform the schedule of the next meeting to all board members.

Board of Directors' meetings are held after the Audit & Corporate Governance Committee meeting so that the minutes of the Audit & Corporate Governance Committee meeting can be sent to the Board of Directors for their consideration and discussion during the Board meeting. However, in case a Director either feels suspicious or has any questions, the Director can seek answers or clarifications directly from the Executive Directors at all times.

#### Quorum

The quorum for the Board of Directors meeting is at least two-thirds of Board size. However, in emergency cases, this can be waived and the quorum required by the Articles and Law will be followed.

During the year 2019, all resolutions of the Board of Directors were passed by the vote of the Directors present at the Board of director's meeting with a quorum of more than two-thirds of all the Board members.

The Company Secretary records the minutes, and after each meeting, the draft minutes are proposed to all Directors for their consideration. Such drafts are generally distributed to Board members before the minutes are adopted at the next meeting, and are kept for scrutiny by Board members and other concerned parties. On 14 November 2019, the non-executive directors held a meeting among themselves to discuss business management issues and performance of the Executive Directors. Normally, Board meetings will take 2-3 hours. In 2019, the Company's Board of Directors held 6 regular meetings.

The attendance of the Directors in Board of Directors meetings, Sub-committee meetings and shareholders' meetings in the year 2019 was as followings:

	Company Board of Directors	% of attendance	Executive Board	Sub-committee				Annual General Meeting
				Audit and Corporate Governance Committee	Nomination Committee	Remuneration Committee	Risk Management Committee	
Mr. Santi Grachangnetara	6/6	100%	-	-	-	-	-	1/1
Mr. Kirit Shah	5/6	83%	6/6	-	2/2	2/2	-	1/1
Mr. Surasak Osathanugraha	6/6	100%	6/6	-	-	-	4/4	1/1
Mr. Khushroo Kali Wadia	6/6	100%	6/6	-	-	-	4/4	1/1
Mr. Kasemsit Pathomsak	5/6	83%	-	4/5	2/2	2/2	-	1/1
Mr. Ishaan Shah	6/6	100%	5/6	-	-	-	-	1/1
Mr. Krit Thirakaosal	4/6	67%	-	4/5	2/2	2/2	-	1/1
Mr. John Hinecke	3/6	50%	-	-	-	-	-	1/1
Mrs. Nampung Wongsmith	6/6	100%	-	5/5	-	-	4/4	1/1
Mr. Suphon Tumtimcharoon	5/6	83%	-	-	-	-	-	1/1
Mr. Vites Ratanakorn	6/6	100%	6/6	-	-	-	-	1/1
Mr. Suriyon Tuchinda	4/4	100%	-	-	-	-	-	-
Mr. Maxwell Federbush	0/2	0%	-	-	-	-	-	-

### C) Aggregation or Segregation of Positions

The Chairman of the Board of Directors is not the Management and has no relationship with the Management as well as not the same person as the Managing Director of the Company nor is he related in any way to the Managing Director of the Company in order to segregate the duties between the policy maker and the policy manager.

The Chairman of the Board is selected and appointed by the Board from the members of the Board. The Chairman of the Board is the leader of the Board of Directors and serves as the Chairman of the Board of Directors meetings and the shareholders' meetings including promoting the good governance, and effective operation system. He engages directly with the Managing Director to monitor performance and oversees the implementation of the Company strategies.

#### Powers, roles and duties of the Chairman of the Board of Directors

1. Provides leadership to the Board of Directors;

2. Presides over the Board of Directors meetings, Non-Executive Directors meetings and Shareholders meetings;
3. Facilitates open and constructive communication between members of the Board and encourages their contribution to Board deliberations;
4. Promotes the highest standards of corporate governance, ethics and corporate social responsibilities;
5. Consult with the Managing Director and Company Secretary to arrange the schedule and agendas of the Board of Directors' meetings;
6. Ensure that the Company has effective communication with its shareholders and relevant stakeholders.

The Managing Director is appointed from the Board of Directors from one of Company's directors. The Managing Director shall be Executive Director by position and is empowered to sign on behalf of the Company as specified by the Board of Directors. The Managing Director is the leader of the Management team and operates the business and to apply good governance principles across the organization to achieve the objectives as outlined.

#### Powers, roles and duties of Managing Director

1. The day-to-day management of the Company and its business is the responsibility of the Managing Director, supported by the executive team.
2. Develops and recommends the Company's vision, mission, strategy and business plan for the Board's approval;
3. Manages the Company in accordance with strategy, business plans and policies approved by the Board of Directors;
4. Reports on the Company's operation results to the Board of Directors as well as other work in progress to achieve the Company's objectives;
5. Ensures that all Directors are properly informed and that sufficient information is provided to enable the Directors to form appropriate judgments;
6. Builds and maintains an effective top management team capable of delivering the Company's strategy and objectives, and identifies and recruits new talent to ensure effective succession to top management positions;
7. Ensures communication with shareholders and relevant stakeholders;
8. Undertakes any other roles and duties assigned by the Board of Directors.

#### Company Secretary

In keeping with good corporate governance, the Company designated Mr. Surasak Osathanugraha as a Company Secretary, having duties and responsibilities in accordance with the Securities and Exchange Act and responsibility for overseeing and advising the Board and the Management regarding applicable laws, rules, regulations and good corporate governance, and responsible for holding the Board and shareholders' meetings.

The detailed profile of the Company Secretary, Mr. Surasak Osathanugraha, has been disclosed under the subject **"Management Structure"** of this Annual Report.

#### **D) Procedures for new directors**

The Company Secretary provides any newly appointed director with the background of the Company's business, profile and industry along

with all the relevant documents. Material documents are also provided to new Directors, including the Directors' Manual, the Memorandum and Articles of Association of the Company, and the Company's latest Annual Report. The main areas of focus are roles and responsibilities of Directors, policy statements on corporate governance, approval authorities, prohibitions under applicable laws, and roles and responsibilities of the Sub-committees of the Board.

The Company arranged such a director's orientation programme for 1 new director who was appointed in 2019.

#### **E) Directors and Management Remuneration**

The remuneration for Directors and members of Sub-committees was a fixed monthly amount, in addition to meeting attendance fees and bonuses, which were approved at the shareholders' meeting.

The remuneration for Managing Director and Senior Management consists of salary, bonuses and provident fund. The procedures was set out by Remuneration Committee which shall be at a sufficient level to attract and retain qualified high-ranking executives to work with the company based on the remuneration in the Industry for equivalent positions, financial status/ performance of the Company for both short term and long term and their respective individual performances.

The remuneration of the Directors and Management has been disclosed hereinabove under the subject of **"Disclosure and Transparency"**.

#### **F) Board Self-Assessments**

Assessment of the Board is divided into 2 parts:

- a. Assessment of the Board and Sub-Committees as a whole.
- b. Assessment of each Board member and each Sub-Committee member

Currently, the Assessment of the Board was conducted for Board of Directors and Sub-Committee as a whole and the assessment of each Board member and each Sub-Committee member. Board self-assessment is conducted each year on a regular basis. The Board of Directors has jointly defined criteria, assessment processes in the evaluation, as well as the norms of performance comparison. The Company Secretary shall distribute the assessment forms to each member of the Board, then collect the completed forms and submit them to the Chairman of the Board, for performance evaluation. Thereafter, the evaluation results will be used for discussion in a meeting of the Board where the recommendations given by Board members will be adopted for improvement of the Board's performance, for the optimal benefit of the Company in terms of corporate governance.

In 2019, the Company's Board of Directors meeting had considered the Self-Assessment of Board Directors and Sub-committee and Self-Assessment of the Board of Directors and of Committee Member on an individual basis was considered, with the major items for assessment was (in line with the guidance of the SET) as follows:

The scores of each board committee self-assessment are summarized as follows

Sub-Committee	2019 Results of self-assessment
The Executive Board of Directors	Very Good
Audit and Corporate Governance Committee	Excellent
Nomination Committee	Very Good
Remuneration Committee	Very Good
Risk Management Committee	Excellent

Assessment of Board member and each Sub-committee member on individual basis

The assessment was (in line with the guidance of the SET) as follows:

- Structure and characteristics of the Board Committees
- Board Committees Meeting
- Roles and responsibilities of the Board Committees in each particular committee

The scores of Board member and each Sub-committee member fall in the level of "Excellent". Overall

- Structure and quality of Director;
- Duty and Responsibility of Director;
- Board of Directors meeting;
- The performance of the Director;
- The relationship with Management;
- Self-development of Director and Executive.

The overall performance of the Board of Directors was **excellent**.

#### The Sub-Committees' Self-Assessment

The Company has 5 Board Committees i.e., the Executive Board of Directors, the Audit & Corporate Governance Committee, the Nomination Committee, the Remuneration Committee and the Risk Management Committee. In year 2019, the Board of Directors acknowledged the results of each board committee self-assessment conducted by members of each board committee through a questionnaire following the SET guidelines which covered the subjects as follows:

- Structure and characteristics of the Board Committees
- Board Committees Meeting
- Roles and responsibilities of the Board Committees in each particular committee

performance of the Board is enough and appropriate, the Board of Directors can perform their duty efficiently as can be seen from the ability to monitor the Company's business operation to achieve its strategy goal and policy.

The Board of Directors will use this assessment to further improve their performance. The Company will conduct this assessment every year which is in accordance with good corporate governance policy. The next assessment of the Board of Directors will be conducted in 2020.

### **Assessment of Senior Management**

Assessment of the Managing Director is conducted by the Remuneration Committee on an annual basis. The Remuneration Committee has the duty to review the targets and performance criteria and assess the performance. However, it shall consider to apply the Managing Director's assessment criteria which is in line with the guidance of SET for the assessment of Managing Director in the future.

Assessment of the Senior Management is conducted by the Managing Director by considering from key performance indicators (KPI) following the goals and strategies for each year, and monitor and assess the performance.

### **Directors and Management Training**

Board of Directors continues to try and enhance their value by participation in activities, courses and events which add to their knowledge base in the continually changing business environment to ensure that they are updated and possess full knowledge. All the Company's Directors have attended important training courses, such as the Director Certification Program (DCP) or at least the Director Accreditation Program (DAP) held by the Thai Institute of Directors Association (IOD).

#### **G) Succession Planning**

The Company forms succession plans with the objectives of making human resources ready in advance, both in terms of quality and quantity, ensuring continuity of appropriate management, and selecting suitable Employees for the Company's key jobs, which consist of the top Executives in the Company's divisions, the key positions in the Company's Management structure or business operations, or the positions for which specific expertise is required and replacements are difficult to find, such as the Managing Director, Assistant to Managing Director, the Head of Operations and the Head of Business Development etc.

The persons who are responsible to nominate successors and to grant approval on the successors to key job positions are classified according to level of position. The person or group of persons responsible for nominations is the

Nomination Committee, or others as specifically appointed by the Board, such as the Chairman of the Nomination Committee, members of the Board, the Managing Director, or the top Management at the group-head or division-head level, while the person or group of persons responsible for granting approval can be either the Board, the Nomination Committee, the Chairman of the Executive Committee, the Managing Director, or the top Management at the group-head level, depending on the level of each key position needing a successor.

**Operating Guidelines** (In case the Managing Director or the Executive is unable to perform their duty). The Board of Directors specifies authorized signatories to sign on behalf of the Company in case the Managing Director or the Executive Directors are unable to perform their duty due to temporary absence for any reason like sickness, travel, etc.

## **5.2 Roles, Duties and Responsibilities**

### **Leadership and Vision**

The Board of Directors is the main driver in defining the direction of the Company's performance, achieving its goals and objectives and to define the Company Mission, Vision, Core Values, Strategic Business Plan, appointment of competent and effective Management and managing the Company's affairs with good corporate governance in order to reach the objectives in accordance with Company's policy and in accordance with the law. The Board of Directors is comprised of persons who have the knowledge, expertise, business experience and background which qualify them to perform their duties and responsibilities in accordance with the highest standards of business ethics.

### **Explicit responsibilities of the Board of Directors**

The Board of Directors performs its duties and carries on the business of the Company in conformity with applicable laws, the Company's objectives and the memorandum and articles of association, as well as the resolutions of the shareholders' meetings. The Board shall be involved in any matters that may have a significant impact on the Company's business. The following matters require decision or approval from the Board:



- Designation of the authorized Directors to bind the Company.
- Appointment of Executive Directors and members of the Sub Committees, in the manner prescribed by law.
- Authorizing the sale or mortgage any of the Company's immovable properties, to let any of the Company's immovable properties for the period more than three years, to make a gift, to compromise, to file complaints to the Court and to submit the dispute to the Arbitration.
- Approval of annual and quarterly financial results.
- Approval of the Mission Statement, Core Values and Code of Business Conduct.
- Approval of major decisions in respect of the Company's business direction and policies.
- Decision on major investments and contracts with significant impact to the Company.
- Any matters and/or transactions within the ambit of the Board pursuant to the memorandum and articles of association of the Company, the Public Limited Companies Act B.E. 2535, and other relevant laws and regulations.

The Board of Directors has clearly defined and demarcated powers, duties and responsibilities between each committee as mentioned under the **"Management Structure"** section of this Annual Report.

During year 2019, the Company held several meetings for top management to review Vision, Goal and Long-term Strategy of the Company. The reviews were based on current business environment, competitors, economics and emerging risk which may affect the Company's operation. The objective is to analyze and for in-time improvement of the Company Opportunities and Threats, Strength and Weakness in order to reach its goals.

#### The Corporate Governance Policy

A Corporate Governance Policy Manual outlining its features has been drawn up by the Company and already circulated to the Company's employees for the recognition of the necessity of Good Corporate Governance. The Policy was also posted on the Website of the Company.

The Company's Corporate Governance Policies consists of:

1. Rights of Shareholders
2. Equitable treatment of Shareholders.
3. Recognition of Role of Shareholders.
4. Responsibilities of the Board.
5. Disclosure and Transparency;
6. Controlling System and Risk Management;
7. Business Ethics.

The Board of Directors conducts an annual review of Corporate Governance Policy and evaluation of the policy implementation so that the Corporate Governance Policy of the Company is up to date and appropriate with the current situation.

In the Board of Directors' meeting held on 14 November 2019, the Board reviewed the CG code issued by the SEC and the CG guideline issued by the Stock Exchange of Thailand, and also conducted a corporate governance self-assessment through a questionnaire following the SET and IOD guidelines. The scores of corporate governance self-assessment fall in the "Very Good". The Board of Directors intends to use this result to further improve its corporate governance. The Company intends that the corporate governance self-assessment be done every year in order to comply with Good Corporate Governance practice and accordingly, this exercise will be conducted again in year 2020.

#### Governance for Company's subsidiary's operation

Previously, the nomination of candidates and the voting for the appointment of Directors in the subsidiaries was done by the Management. Starting from year 2013, the Company set a policy for the said nomination and voting to be approved by a resolution of the Board of Directors. In case of a conflict which could not be avoided, the candidate who was nominated should act in the best interests of the subsidiary and not the Company.

The Company has also set an outline for an authorized person to ensure that as per the policy for related transactions, acquiring/selling of assets, or other important transactions, such transactions are correctly and completely disclosed, in compliance with the rules

set out by the Company, including the proper record of all information and accounting records which can be investigated and submitted to the Company for consolidation of accounts on time.

## 6. Controlling System and Risk Management

The Company recognizes the importance of internal control systems at an operational level to ensure that the operations are conducted efficiently. The powers and duties of Operations and Management level personnel are clearly laid down. There is a proper level of control maintained on the utilization of the Company's property/ assets for the highest benefit of the Company and there is clear segregation between operations units, control units and assessment units for the purpose of maintaining appropriate checks and balances. Moreover, an internal control system for the financial and accounting functions of the Company is clearly set up which allows adequate reporting to the relevant Management.

The Company has an Internal Audit Department in order to ensure that the key operations and financial activities are conducted efficiently, under the relevant guidelines and laws. Moreover, to ensure that the Company has complied with laws and regulations relating to the business of the Company, the Internal Audit Department conducts regular checks thereof. Internal auditors report directly to the Audit & Corporate Governance Committee on all matters, in order to make the Internal Audit Department completely independent of the Management.

Internal control systems for the financial and accounting functions of the Company are clearly set up which allows adequate reporting to the relevant Managers to achieve the following objectives:

1. Efficient and effective operations, including skillful use of resources for the best benefit of the Company.
2. Accurate, reliable and prompt financial reporting.
3. Full compliance with the Company's policies, laws and regulations.

The Board of Directors recognizes the importance of risk management and is responsible directly for the risk management of the organization with the objectives to support the work performance of the Management of the Company to be efficient and effective and to achieve the business objectives. The Board of Directors has specified the Company's policy on risk management and

internal control on the website of the Company and under the subject of Corporate Governance Policy and "Internal Control and Internal Audit" in this Annual Report.

## 7. Business Ethics

The Company has set up a code of ethics for Directors, Management and employees as a guideline to carry out their respective work for the Company in a transparent, honest, faithful and justifiable manner. It is also disclosed on the Company's website.

### Conflict of Interest

In order to prevent conflict of interest transactions, the Board of Directors, through the Audit and Corporate Governance Committee has carefully supervised such potential transactions by setting out a written policy and procedure of approval of transactions involving any potential conflict of interests, as follows:

### Potential conflict of interest transactions

Any transaction which could lead to a potential conflict of interest and/or a related party transaction is considered very carefully by the Board of Directors with a view to full compliance with the relevant rules and regulations of the SET and the SEC, Thailand, apart from compliance with the internal policies and guidelines set up by the Company. Moreover, such transactions are entered into strictly on an "Arms-Length" basis. The terms and conditions of such transactions are always in compliance with generally acceptable, standard commercial terms and conditions and appropriate disclosure regarding the details of the transactions viz. value, counter-party, reason and necessity of the transaction is made in this Annual Report and also in Form 56-1.

The Audit and Corporate Governance Committee and Internal Audit Department have planned for the audit of potential conflict of interest transactions by recording these transactions in the audit plan every year. In 2019, the Auditor has audited all transactions and reported accordingly to the Audit and Corporate Governance Committee. In the Audit and Corporate Governance Committee Meeting, the Committee will revise transactions that have potential conflict of interest, to ensure that each such transaction that the Company carried out was important to the Company's business, according to standard commercial competition, generally based on price list as a priority and in the best of interests of the Company, as well as whether it is disclosed in the Annual Report.

Moreover, the Internal Audit Department has reviewed the compliance of the Company with respect to the Notifications of the SET Re: The Disclosure of Information and Acts of Listed Companies Concerning Connected Transactions 2003 as amended from time to time and Notification of the Capital Market Supervisory Board No. Tor Chor. 21/2551 Re: Rules on Connected Transactions as amended from time to time including the circular letter of the SEC about the recommended practice to be followed under section 89/12 (1) of the Securities and Exchange Act (No.4) B.E.2551. The details of the connected transactions have been explained under the topic “Connected Transactions” of this Annual Report. The results of the review have been reported to the Board of Directors of the Company. The Board of Directors of the Company is of the opinion that such transactions are fair and for the full benefit of the Company.

#### Reporting changes in Company share ownership

To prevent abuse of inside information, all Directors and Senior Management must report any changes in their (including their Relevant Persons) holding of the Company’s shares and/or other securities (as the case may be) to the Company and the Office of the SEC within 3 business days from the date of trading/transfer

of the Company’s shares and/or other securities (as the case may be). The changes in Company’s shares and warrants of the Directors are reported to the Board of Directors meeting every quarter. Please refer to the “Supervision of the use of Insider Information” section of this Annual Report for further information.

#### **Remuneration for Auditor**

##### (1) Audit Fee

The Company and subsidiaries paid the audit fee to:

- The Company’s auditor, in the previous accounting period, amounting to Baht -
- The audit firm of which the auditor is a member, persons or businesses related to the auditor and the audit firm of which the auditor is a member, in the year 2019 accounting period, amounting to Baht 3,500,000.- and which is the same auditor as last year.

##### (2) Non-audit fee - None -

#### **Compliance with the Principles of Good Corporate Governance in Other Matters**

The Company has fully complied with the Principles of Good Corporate Governance for Listed Companies 2019, except the following matters:

Principles of Corporate Governance	The opinion from the Board of Directors
Determination of the number of terms of holding of office as directors and independent directors of not exceeding 9 years from the first date of appointment. However, depending on the reasonable needs of the business and ease or difficulty in finding suitably qualified candidates as Independent Directors.	The Board of Directors considers and deems that the consecutive holding of such directors will be useful for the Company and Shareholders since Directors holding consecutive office will have knowledge and experience in the Company’s business operations and can maximize value to shareholders.
Declare an intention to join with Thailand’s Private Sector Collective Action Coalition Against Corruption (CAC)	The Board of Directors acknowledges the signing for anti-corruption campaign by participating in the private concerted efforts against corruption. The anti-corruption policy in accordance with the guideline set out by CAC was announced and put on Company’s website including No gift Policy signed by Managing Director was send to employee and all business partners.
The Company should provide an appropriate compensation policy for the Board and the Management.	The Company may consider making this policy by arranging advice from an outside expert, but it cannot be prepared in this year.
The committee should consist of independent directors, more than 50%	This has not been adopted for the present but may be considered in future.
Every sub-committee should prepare their operating report and disclosed in Annual Report	This has not been adopted for the present but may be considered in future.

# SUSTAINABILITY REPORT

## Principles for Sustainability Development

With Company's vision to "Develop Sustained Competiveness" and therefore in order to achieve the vision, the Company's mission is set up for the sustainability management. The Company has applied the principle of organization sustainability aspects which cover the economy, society and environment under good governance for setting up strategy and policy.

Sustainability Report of Christiani & Nielsen (Thai) Public Company Limited has been made as part of this Annual Report, to present the Company's performance in terms of economic, social, and environmental under good corporate governance to create sustained highest value to all stakeholders.

## Overview of Sustainability Report

The Company places the highest priority on delivery of long-term value and sustainable returns to all stakeholders. The Company realized that Construction business is one of business fundamentals and takes an important role in driving nation's economy. Company's business affects various stakeholders, and that it may especially affect living and safety conditions for not only its own staff but also the environment and communities. If the Company's business is conducted irresponsibly, it will inevitably lead to catastrophic environmental and other adverse impacts on communities near the Company or the Company's worksites. Moreover, it may be harmful to life and property as well. The Company has set a clear policy to operate its business with the objective for achieving long-term sustainability. The policy needs to be followed by employees and shall be monitored regularly for improvement and ensure that the process has been done accordingly.

The Company's operation of the social and environmental responsibility can be separated into two parts as follows:

### 1. CSR In Process

The Company conducted its business with full realization for the responsibility towards the impacts of all process of the Company's operations to create value and equally contribute maximum benefit to all stakeholders.

### 2. CSR After Process

The Company has the policy to get involved and support all activities both direct and indirect for the benefit and create well-being to society and community for the sustainable growth. This is not related to the Company operation.

## Scope of Sustainability Report

This report is included in Annual Report with the stated intention to operate the business for the sustainable growth of Christiani & Nielsen (Thai) PCL, covering the development under the sustainable development framework, comprising three core indicators, namely, the economy, society and environment. The Report discloses operational results from 1 January 2019 to 31 December 2019 to stakeholders with validity and transparency.

With the realization of the importance of the sustainability development target according to international standards, this report has been made in accordance with the framework of GRI G4 under which Company reporting is re-categorized according to the GRI reporting standard. The Company plans to prepare this report annually, as well as continue to develop the system and method for compiling the information, so as to acquire clear guidance and meet with full Core indicators and with "In accordance criteria" in the future.

## Stakeholder Engagements

The Company's recognizes the importance of all stakeholder groups whether it is internal stakeholders such as management and employees of the Company and subsidiaries, or external stakeholders such as shareholders and investors, customer, suppliers and creditors, competitors, communities and environment, government agencies and other related organizations whom the Company has an ongoing relationship and impact as a result of its business operations. The Company engages its stakeholder groups in various channels, with the frequency and communication mechanisms based on the most effective communication channels. The Company has also provided communication channels on its website or any another means for any stakeholder to express his/her opinion or complaint and contact the Board of Directors directly, without going through the Management. The Board has, and will continue to treat such information seriously and with utmost confidentiality.

Currently, the Company's Stakeholders can be categorized into 8 groups, which are presented below. All Company's departments are responsible for creating and maintain good relationships with these groups, communicating, taking their suggestions, and assessing their expectations.

Stakeholders	Expectations	Key action and engagement	Communication channels
Management and Employees	<ul style="list-style-type: none"> <li>• Appropriate compensation and welfare.</li> <li>• Career advancement and succession.</li> <li>• Competency advancement.</li> <li>• Good working environment.</li> <li>• Security and safety at work and camp</li> </ul>	<ul style="list-style-type: none"> <li>• Respect human rights and diversity and ensuring equal opportunity.</li> <li>• Provide fair salary, benefit, and welfare by benchmarking with other companies in the industry.</li> <li>• Provide bonus based on company financial and employee performances.</li> <li>• Provide benefit and welfare: provident fund, social security fund, compensation fund, emergency financial assistance, medical treatment fees, and group health insurance</li> <li>• Ensure a safe and healthy work environment</li> <li>• Provide training for skill enhancement.</li> <li>• Annual review of compensation, welfare and benefits structure, in accordance with Company's performance both in short and long term, to remain competitive with industry standards.</li> <li>• Promote saving via CNT Cooperation.</li> <li>• Create safety awareness by training.</li> <li>• OHSAS 18001:2007 standard for safety and health.</li> </ul>	<ul style="list-style-type: none"> <li>• Set up Staff Welfare Committee.</li> <li>• Message from Management via monthly internal newsletter, CNT Internal Web</li> <li>• Meeting, Seminar and Company event for staff to meet with Management.</li> <li>• Announcement, PR Board.</li> <li>• Submit comments and suggestion to Supervisor, Management or Managing Director via E-mail: ponpisch@cn-thai.co.th</li> </ul>
Shareholders and Investors	<ul style="list-style-type: none"> <li>• Increase of share's value</li> <li>• Share profits in term of dividends.</li> <li>• Sustainable growth of the business.</li> <li>• Conduct business with justice and transparency under good corporate governance.</li> <li>• Risk Management.</li> </ul>	<ul style="list-style-type: none"> <li>• Duty of fiduciary.</li> <li>• Create, maintain and added long-term value to Shareholders.</li> <li>• Disclosing timely, concise and relevant information.</li> <li>• Response to all queries.</li> </ul>	<ul style="list-style-type: none"> <li>• Regular communication with Investors through meetings and conference call.</li> <li>• Direct channel of communication to Board/ Management open for every shareholder via Secretary to Audit and CG Committee E-mail: ponpisch@cn-thai.co.th.</li> <li>• Shareholders Meeting at least once a year, plus quarterly Opportunity Day Meetings.</li> <li>• Annual Report, Form 56-1, etc.</li> <li>• E-mail: ir@cn-thai.co.th</li> </ul>

Stakeholders	Expectations	Key action and engagement	Communication channels
Customers	<ul style="list-style-type: none"> <li>Professional service with fair price.</li> <li>Deliver construction work on time, with agreed quality and in budget.</li> <li>Construction warranty period.</li> <li>Confidential non-disclosures.</li> <li>On-time trouble shooting.</li> </ul>	<ul style="list-style-type: none"> <li>Develop services that responds to diverse needs.</li> <li>Provide efficient, reliable and professional services and solutions at once.</li> <li>Meet clients 'expectations with superb quality and services. Deliver projects within the budget and timeline.</li> <li>Never deliver projects that may potentially damage the clients.</li> <li>ISO 9001:2005 Quality Management System</li> <li>Keep the cost low as, yet maintain high quality construction standard and services.</li> <li>Seek ways to add more benefits to the clients.</li> <li>Take part in finding solutions as well as preventing environmental problems within the building sites and the neighborhood.</li> </ul>	<ul style="list-style-type: none"> <li>Meeting with the project's owner or representative.</li> <li>Construction site visit by Management.</li> <li>Customer Feedback Questionnaire.</li> <li>Letter to Project Manager, Operations Director, Managing Director.</li> <li>E-mail: cnt@cn-thai.co.th</li> </ul>
Suppliers	<ul style="list-style-type: none"> <li>Fairness and equal opportunity in procurement process.</li> <li>Fair prices.</li> <li>Reputation and creditability.</li> <li>Create synergy partners.</li> <li>Adhere to conditions in the contracts.</li> </ul>	<ul style="list-style-type: none"> <li>Set criteria for the appraisal and selection of supplier for fair competition.</li> <li>Define quality, products and services.</li> <li>Ensure that terms and conditions are based on industry norms and practices.</li> <li>Comply with agreed terms and conditions. On time payment</li> <li>Support and assist where possible to create synergy partners.</li> <li>Internal Audit Department was assigned to follow up and monitor the procurement / purchasing process to ensure that there will not be any corruptions nor fraud.</li> </ul>	<ul style="list-style-type: none"> <li>E-mail: cnt@cn-thai.co.th</li> <li>Whistle blower E-mail: ponpisch@cn-thai.co.th</li> <li>Regular meetings for information exchange and create good relationship.</li> <li>Organize activities to create good relationship.</li> </ul>
Creditors	<ul style="list-style-type: none"> <li>Ability to repay loans/debts on time</li> <li>Fair returns on loans and service fees.</li> <li>Commitment to agreements.</li> </ul>	<ul style="list-style-type: none"> <li>Strictly comply with all terms and conditions and objectives of using the borrowed funds, repayment, collateral, and other conditions as may agree.</li> <li>Never conceal the truth that may potentially cause any damage to the creditors.</li> <li>Assure quality of collateral or any conditions in the agreement made with the creditors for achieving mutual benefit.</li> </ul>	<ul style="list-style-type: none"> <li>Regular meetings for information exchange and create good relationship.</li> <li>E-mail: cnt@cn-thai.co.th</li> </ul>

Stakeholders	Expectations	Key action and engagement	Communication channels
Regulators	<ul style="list-style-type: none"> <li>Strictly comply with all related laws and regulations.</li> <li>Good Corporate Governance and transparency.</li> <li>On-time and sufficient disclosure of information.</li> </ul>	<ul style="list-style-type: none"> <li>Follow guidelines in doing transactions with the State, code of conduct and participate in all relevant activities which may require.</li> <li>Financial and annual operating Reports.</li> <li>Keep oneself informed and updated at all time with the news, join regularly the meeting, seminar, and activities held by Ministries that govern rules and regulations in order to be informed about the changes.</li> <li>Periodic internal assessment to ensure the compliance.</li> <li>Regularly disclose through SET.</li> </ul>	<ul style="list-style-type: none"> <li>Financial and annual operating reports including Annual Report, Form 56-1 and other related reports regularly required.</li> <li>Regular disclosure through SET.</li> <li>Letter to Managing Director</li> <li>Whistleblower E-mail: ponpisch@cn-thai.co.th</li> </ul>
Community, Society and Environment	<ul style="list-style-type: none"> <li>Improvement of quality of life.</li> <li>Support of community activities.</li> <li>Preserve environment.</li> <li>Avoid, reduce pollution which may affect the environment.</li> <li>Issued two polices in regards to Corporate Social and Environmental Responsibilities: CSR In Process and CSR After Process.</li> </ul>	<ul style="list-style-type: none"> <li>Support and participate in local community activities. Be a part of the neighborhood and join activities as see fit.</li> <li>Organize campaigns to instill value of the living harmoniously between the company, community, social, and environment.</li> <li>Respond quickly and efficiently when there's an environmental complaint made by the community as a result of the company construction.</li> </ul>	<ul style="list-style-type: none"> <li>Letter to Operations Director, Managing Director.</li> <li>E-mail: ir@cn-thai.co.th, cnt@cn-thai.co.th</li> </ul>
Competitors	<ul style="list-style-type: none"> <li>Competing under rules, regulations &amp; law</li> <li>Fair trade, transparency and auditability.</li> <li>Not violate competitors' intellectual property rights.</li> <li>Not access confidential information in dishonor or in appropriate means.</li> </ul>	<ul style="list-style-type: none"> <li>Not attacking reputations with false allegations.</li> <li>Properly treated competitors with fairness, ethically and legally.</li> </ul>	<ul style="list-style-type: none"> <li>Join as a member of Thai Contractor Association to meet and exchange of idea to create good relationship among contractors' members.</li> <li>E-mail: cnt@cn-thai.co.th</li> </ul>

## Corporate Governance, Ethics and Integrity

The Company is committed to conducting business under Good Corporate Governance principles; doing business ethically and striving for the betterment of society and the environment. The Board of Directors has promoted corporate governance practices to help fulfill its responsibility to the shareholders. It is the duty of the Board of Directors to serve in a prudent fiduciary relationship with shareholders and to oversee the management of the Company's business. The Company has provided the governance structure of the Company, including

committees under the subject of "Management Structure" of this Annual Report.

The Company has set up a Corporate Governance Policy, Business Ethics and Code of Conduct Manual to commit to the key principles of integrity, ethical business conduct and accountability for Directors, Executives and staff as a guideline in carrying out their respective work for the Company in a transparent, honest, faithful and justifiable manner. These guidelines can be accessed through the Company's website.

## Anti-corruption Policy

The Company's Board of Directors has declared an intention not to participate in any form of corruption. This is in compliance with Thailand's Private Sector Collective Action Coalition Against Corruption (CAC). Further details are provided under the section "Corporate Governance Report". The Company had announced its Anti-Corruption Policy and "No Gift Policy" on Company's Website.

## Sustainable Management Performance Economic Performance

The Company conducts business with commitment to promoting the nation's economic development both directly and indirectly through its revenue. The generation and distribution of economic value is aimed to create value added to its shareholders, customers, employees and other

stakeholders on equitable basis. Profits from operation are part of the creation of well-being of all stakeholders.

The Company had arranged its management structure in Construction operation in to Business Units according to staff capability and experiences. Head of each Business Unit is responsible for the management in their own unit to generate income for the sustained economic growth of the Company. Business Unit consisting of Government Business Unit, Petrochemical and Special Industry Business Unit, General Buildings Business Unit, Residential and Hospitality Business Unit and MEP and General Construction Business Unit.

The Company's operations contribute to national economies by generating economic benefits for different stakeholders through Company's cash flow from operations.

## Economic Performance Data

	2019 Million Baht	2018 Million Baht
Direct Economic Value		
Income from Construction	7,240	7,123
Distribution of Direct Economic Value		
Cost of Construction	6,911	6,949
Employee's remuneration and benefits	1,686	1,570
Transaction creditors	168	185
Dividend Payment	-	50
Tax/Duty Payment to Government	256	294
Community supports	0.48	0.7
Cumulated Economic Value		
Depreciation	216	225
Provision	(50)	(48)
Transfer to (from) legal reserve	4.5	-

Tax/Duty paid to Government including Value Added tax 101MB, Withholding Tax 144MB, Duty Stamp 9MB, Import Duty 2MB.  
(Source - Financial Statement of 2019)

Further information for Company's economic performance can be found in "Type of Business" and "Income Structure" in this Annual Report. Company's financial performance as described in "Financial Highlight" and "Management Discussion and Analysis" in this Annual Report.



## Effective Management Resources

The Company is now improving its Enterprise Resources Planning system to manage and integrate all Company's core business process including Cost Control, Account and Finance, Procurement, Worksite's Store Keeping, Equipment Maintenance and etc. The system aims to manage all resources efficiently and reduce time (Algorithm) by integrating all database of company core business function in a single database to ensure the accuracy of all data. The real time access and linkage of all data enhance the decision of Management to become more efficient and can react immediately to the change.

## Social and Environment Performance (CSR In Process)

### Corporate Social Responsibility Policy

Social responsibility is one of the Company's commitments in operating its business. The important mission is to create and develop a better quality of life in every community where the Company's operations are involved. The Company always provides continuous support and promotes different kind of social activities. The objective is to promote the business and communities to coexist harmoniously.

Incorporated over 8 decades ago, the Company is proud to be a part of the country's development on both, social and economic fronts. All along, it has been the Company's policy to conduct its business with good corporate governance, while acting with responsibility towards society and the environment, which is translated into a clear policy for conducting the Company's business operations.

The Company applies the principles of Corporate Social Responsibilities set out by the Stock Exchange of Thailand ("SET") as its guidance for the following:

1. Good corporate governance;
2. Fair business operation;
3. Respect of human rights and fair treatment of labour;
4. Environmental conservation;
5. Consumer responsibility;
6. Participation in social development;

## CORPORATE SOCIAL RESPONSIBILITY IN OPERATION

### Environment

The construction business, if conducted irresponsibly, can affect many aspects of the environment. The Company emphasizes on environment protection, and policies were set out and strictly followed by all employees at its Head Office, Plant and each construction work site. The Company also encourages and creates awareness in all employee to realize the importance of preserving sustained environment. The Company realize the importance of long term resource utilization, both direct and indirect, such as employees, suppliers who supply natural construction material, various communities and the environment. The Management has set a clear policy to develop, encourage, promote and maintain the utilization of such resources with responsibility and good practices which is in accordance with good corporate governance. The Company believes that a successful business, conducted with all stakeholders' in mind, can create long-term sustainability in social and environmental issues and enable the Company to achieve its missions.

**The policies on social and environment are outlined and disclosed as follows:**

### Respecting Human Rights and Labour Practices

The Company requires that all of its Directors, the Management and Staff strictly respect international human rights principles as part of the operations of the Company, and do not tolerate any violations thereof. The principle also apply to all Company sub-contractors as well.

### Human Right Management Guidelines

The Company will hold morality to procure and employ staff without discrimination in terms of race, religion, colour or gender. There are no child labour or forced labour and this shall be applied to all Company's sub-contractors. This is to ensure fair and equal opportunity for everyone to be recruited as the Company's employee. The recruiting process emphasizes on capability and suitability with such position. The Company also strives to improve the quality of life of disabled people, by employing them under the same terms and conditions as other staff. Moreover, the Company also provides facilities for the handicapped in its Head Office, e.g. special elevator, ramp for wheelchairs, special toilets, etc.

The Company complied with the Law for the employment of disabled by cooperating with all related public sectors and the Social Innovation Foundation by joining the programme to employ the disabled person to work in the community or in public society organizations such as schools, hospital, local government authorization. This is the new dimension initiated by the Government to encourage the private sector to employ disabled person who are capable to work in the organization and be the representative of that organization for the contribution to society. The employment of disabled person is according to Company's policy to create equality in society, improve disabled quality of life and added economic value to the country.

In 2016, the Company joined with the declaration for the cooperation between the public, private and civil society sectors. "Create a new dimension to create 10,000 career for disabled person" by the Thai Health Promotion Foundation in collaboration with private section to create 10,000 career for disabled person.

This year the Company is able to hire disabled employee in proportion required by law at 1 disabled employee to 100 employees, totaling 65 disabled were employed which is according to the law as such the Company need not to subsidize to the Fund for Empowerment of Persons with Disabilities.

## Staff Number

Number of staff working at Head Office, Plant and construction work sites are as under:

Total numbers of staff by age and gender

Staff	Under 30 years old		31-50 years old		Over 50 years old		Total	
	2019	2018	2019	2018	2019	2018	2019	2018
Female	115	130	133	135	34	33	282	298
Male	145	182	417	427	144	141	706	750
<b>Total Staff</b>	<b>260</b>	<b>312</b>	<b>550</b>	<b>562</b>	<b>178</b>	<b>174</b>	<b>988</b>	<b>1,048</b>

Resigned Staff	2019	2018	2019	2018	2019	2018	2019	2018
Female	28	26	16	13	6	5	50	44
Male	41	39	47	58	36	38	124	135
<b>Total staff resigned</b>	<b>69</b>	<b>65</b>	<b>63</b>	<b>71</b>	<b>42</b>	<b>43</b>	<b>174</b>	<b>179</b>

Total numbers of staff - classified according to work places, age and gender

Staff	Under 30 years old		31-50 years old		Over 50 years old		Total	
	2019	2018	2019	2018	2019	2018	2019	2018
Head Office								
Female	28	30	69	76	27	24	124	130
Male	8	8	69	73	40	36	117	117
<b>Total</b>	<b>36</b>	<b>38</b>	<b>138</b>	<b>149</b>	<b>67</b>	<b>60</b>	<b>241</b>	<b>247</b>
Plant								
Female	9	17	6	12	0	1	15	30
Male	5	10	32	32	11	12	48	54
<b>Total</b>	<b>14</b>	<b>27</b>	<b>38</b>	<b>44</b>	<b>11</b>	<b>13</b>	<b>63</b>	<b>84</b>
Construction Work site								
Female	78	83	58	47	7	8	143	138
Male	132	164	316	322	93	93	541	579
<b>Total</b>	<b>210</b>	<b>247</b>	<b>374</b>	<b>369</b>	<b>100</b>	<b>101</b>	<b>684</b>	<b>717</b>
<b>Total Staff</b>	<b>260</b>	<b>312</b>	<b>550</b>	<b>562</b>	<b>178</b>	<b>174</b>	<b>988</b>	<b>1,048</b>

Classified according to level and gender :

Total of employees	2019			2018		
	Female	Male	Total	Female	Male	Total
Top Management	9	59	68	6	58	64
Middle Management	29	107	136	29	112	141
Junior Management	150	319	469	150	332	482
Operation Level	94	221	315	113	248	361
<b>Total</b>	<b>282</b>	<b>706</b>	<b>988</b>	<b>298</b>	<b>750</b>	<b>1,048</b>

Classified according to their Thai workers and migrant workers under MOU, Age and Gender:

Type of Workers	Under 30 years old		31-50 years old		Over 50 years old		Total	
	2019	2018	2019	2018	2019	2018	2019	2018
<b>Thai workers</b>								
Female	366	340	900	864	240	197	1,506	1,401
Male	574	542	1276	1244	518	494	2,368	2,280
<b>Total</b>	<b>940</b>	<b>882</b>	<b>2,176</b>	<b>2,108</b>	<b>758</b>	<b>691</b>	<b>3,874</b>	<b>3,681</b>
<b>Migrant workers under MOU</b>								
Female	7	7	13	5	1	-	21	12
Male	187	250	185	206	3	3	375	459
<b>Total</b>	<b>194</b>	<b>257</b>	<b>198</b>	<b>211</b>	<b>4</b>	<b>3</b>	<b>396</b>	<b>471</b>
<b>Total of Workers</b>	<b>1,134</b>	<b>1,139</b>	<b>2,374</b>	<b>2,319</b>	<b>762</b>	<b>694</b>	<b>4,270</b>	<b>4,152</b>

Employment Ratio of Disabled Staff and workers

	2019						2018					
	Female		Male		Total		Female		Male		Total	
Staff	1,785	98.67%	3,408	98.81%	5,193	98.76%	1,685	98.65%	3,440	98.74%	5,125	98.71%
Disables staff and workers	24	1.33%	41	1.19%	65	1.24%	23	1.35%	44	1.26%	67	1.29%
<b>Total</b>	<b>1,809</b>		<b>3,449</b>		<b>5,258</b>		<b>1,708</b>		<b>3,484</b>		<b>5,192</b>	

## Overall Employment

In 2019, total staff was 988 with female staff 282 (28.54%) and male staff 706 (71.46%). Total workers were 4,270 persons with female 1,527 persons (35.76%), male 2,743 persons (64.24%). Among these were Thai workers 3,874 persons (90.73%) and workers under MOU 396 persons (9.27%). Disabled workers were 65 persons equivalent to 1.24% of total staff and workers. The Company has always valued equal employment opportunities. However, as the nature of construction business requires physical endurance, our construction workforce contains higher number of male than female staff/workers. In terms of employing physically challenged persons (disabled) the Company strongly adheres to the law. The Company realized that they have

physical limitations and therefore delegate them to work in the areas that do not impose any risk to their individual physical challenge.

## Equal Opportunity and Fairness Labour Treatment

The Company is committed to providing equal opportunity in every aspect of its business. The Company pays remuneration according to Employee's abilities for each position. The same principle also applies to other benefits such as housing, medical services etc. The Company does not discriminate between able and disabled staff or local and migrant labour, all of who are considered equal. All Employees have an equal chance to develop themselves for career advancement.

## **Equality support for career advancement**

The Company applies the principle of “Competency Development Programme” for training. Goal, indicators and action plans are set according to Individual Development Plan (IDP) to enhance employee’s knowledge for the advancement in their career. Post evaluation and assessment shall be conducted after every training course to prepare further individual development plan.

## **Human Resources Development and career advancement**

### **Training and development**

Qualified employees and personnel are key resources for any company to drive for long-term development of the organization, as well as the country through their knowledge and experience. The Company plays an important role in supporting and encouraging its employees and staff, by providing various training courses which are related to their existing duties and responsibilities, general management and skills in the Company’s main construction activities. This is to ensure that all staff shall understand all relevant practices and meet with the Company’s standard. The continuous training programme always provides to enhance its staff to meet with the change of construction business and prepare for Company’s future growth. The Company believes that good workmanship will deliver high quality of work to satisfy customers. Although certain employees may leave the Company, it is expected that their knowledge, experience and good workmanship practices would enable them to deliver good work to other organizations, thereby resulting in the positive long term development of the country.

Training School will be responsible to prepare the training programme, according to Company Strategic Plan, to all employees in all levels including workmanship in construction site. The courses shall be conducted by in-house or external trainers who are experienced in each subject. The annual training programme and target training group will set in advance and publicized on Company Internal Web Site, E-Learning Programme and Internal Journal. The programme also notified to each employee to plan for attending the course.

The Company construction training center at Nimit Mai Road was established to enhance Company’s development programme, with more space, in order to facilitate more staff training programs to improve their skill and workmanship.

A Training Centre in Sriracha, Chonburi was set up to facilitate training classes related to steelwork and equipment, i.e. scaffolding installation and inspection, crane operation, small tools utilization. The objective of these courses is to support our staff to develop skills and expertise in operating these equipment so that they can apply for licenses legally required by Department of Labor Protection and Welfare.

Apart from in-house training, the Company also sends Employees to attend training programmes organized by other organizations related to Company’s business or general management, so that Employees gain new knowledge, ideas, and to develop innovation. After training, they apply their new learning in their existing job duties for the development of their careers.

### **Master Degree Supporting Policy**

The Company had a policy to support key employees to further their study in Master Degree in Company’s business related programmes. Employees whose qualifications meet with Company’s criteria will have a chance to enhance their knowledge, capability and increase their efficiency in their existing jobs and in the future. As part of the career long-term advancement plan, the employee can bring in their new knowledge for the improvement in their jobs and become Company’s future assets.

In order for the Company to provide continuous specific training courses to staff and workers especial for safety and special training programme. The Company had registered with relevant departments to set up Company’s in-house training center to train internally and issue the certificate thereof. The Company had promoted, developed and supported employee whose qualifications are in accordance with the requirement of Department of Labour Protection and Welfare to be trained as an in-house trainer. The training courses are conducted by Company’s employee who have experience and were trained in relevant courses. Details as under:

Training courses	Registrar
Safety in Electrical Works	Occupational, safety Health - Department of Labour Protection and Welfare
Confine Space Safety	Occupational, safety Health - Department of Labour Protection and Welfare
Safety, Occupational Health and Work Environment	Occupational, safety Health - Department of Labour Protection and Welfare
Safety Officer at Supervisor Level	Occupational, safety Health - Department of Labour Protection and Welfare
Crane Operation	Occupational, safety Health - Department of Labour Protection and Welfare
Safety Testing for Road Works	Department of Highway
Installation and Inspection of Ring-locked Scaffoldings	Occupational, safety Health - Department of Labour Protection and Welfare

### Career Development Plan

The annual development programme (Career Path Development) is set up on a continuous basis from year to year. The objective is for employees to realize and understand the opportunities for their career development which is the Company's mission to create "quality employees, quality productivity". The Company will train its employees according to its development plan. Employee training is focused on two target groups as follows:

Group of operation staff - Top Management and Staff at Management level

Group of operation staff including workers at worksites

### Development plan for Top Management and Staff at Management Level

The Company applies the principle of "Competency Development" for training. Goal, indicators and action plans are set according to Individual Development Plans (IDPs). There are 3 levels in Competency Development.

Type of Competency	Level of staff	Average training hour per employee	Objective of the program
Core Competency For staff at all levels	<b>All levels</b>	30 hrs./ session / year	To ensure that all staff understand the core values of the organization which is achievement oriented, cost effective, customer focused, initiative and alertness.
Managerial Competency	<b>Management</b>	30 hrs./ session / year	To develop managerial skills such as pro-active analytical and planning, resources management, management, communication and co-ordination, leadership.
Functional Competency	<b>Manager / Professional Staff</b>	114 hrs. / session / year	To develop technical skills according to their professional duties and responsibilities.

## Leadership Development

To create and develop the leadership is one of the Company's missions to develop staff from supervisor level to prepare themselves into higher level to become future organization leader group as part of succession plan. The Company provides continue soft-skill training and other related programmes for both in-house and external training institutions.

## English communication skills development

The Company realized the importance of staff being able to communicate in English. Therefore, English courses are provided to employees as part of their skill development. There is a full time English teacher who will conduct English classes for staff at the head office, plant and construction sites. Courses are designed to match the level of individual's English proficiency and needs with pre & post course evaluations.

## E-learning system

The Company has developed an e-learning system for English and many in-house courses for Head Office and construction sites staff. The purpose is to provide an all-time access to knowledge for employees. The on-line courses include quizzes and exercises to encourage participation. E-learning will enable staff to continue improving their skills and knowledge.

New E-learning programmes were developed in 2019 by adding on the existing courses such as Team Building, Assignment and Work Order Skill, HR for non-HR, Young Engineer Programme and English for Young Engineer. The Anti-Corruption Policy was also added in as a compulsory course, where all employees must take a test with minimum scores required to pass.

## Young Engineer Programme

Newly employed young engineers are a major resource of the construction business, are trained to develop their basic knowledge and in the Company's special techniques. This campaign is called the "Young Engineer", whereby the Company recruits new graduates from engineering institutes and trains them starting with the Company's fundamentals, such as procedures, systems, techniques, know-how, and etc. They are trained both in the office and at the work sites (on the job training). The Company believes that after training, these young engineers will carry out their duties according to the Company's standards and will become the Company's future assets and continue to maintain the Company culture.

## Development Plan for operation staff in construction

The Training School is responsible to prepare the training programme to develop staff in construction operation as well. The training programme will focus on operating and managing in worksite (Project Management) to ensure the understanding of efficient project management. The target groups are all staff at supervisor level, engineer level 5-8 up to Project Manager. The target groups must attend all training courses as under with training hours not less than 36 hours per year. The courses are divided in to 7 groups of knowledge and shall be conducted by Company's staff who are experienced, knowledgeable and being an expert in each subject. This is to create sustainable knowledge in the Company from generation to generation. Staff can attend more than one course in a year. Details or training course, No. of training staff and hours are as under:

Training Programme during the year Training Year	No. of courses		Training hours		Nos. of participant	
	2019	2018	2019	2018	2019	2018
Construction Knowledge	12	14	78	78	404	362
Soft Skills	11	3	252	18	965	257
Computer Skill	2	3	18	18	54	53
Safety Programme	18	21	591	648	1,275	1,482
Project Manager Programme	3	3	15	18	113	235
English Skill	4	2	12	6	90	27
	50	46	966	786	2,901	2,416

### Group of Operation staff at construction sites

As a large construction company, the Company needs a number of skilled staff and workers. With high competition in the construction market, operation staff and worker is one of the significant target groups for training. The Company has built a training center at Nimitmai Road to provide full facilities for training staff and workers. The programs are focused on major construction activities, skills which are needed for every construction project such as brick laying, plastering, carpentry, formwork, erection works, etc. The Company conducts a test for standard workmanship in line with the standards of the Skill Development Department, as for the Company to pay the remuneration according to their skill. The Company always develops the training programme to meet with the shortage of some certain skills in order to increase Company's including its sub-contractors' quality of workmanship. As for sustained development, after training, they may leave the Company to join other organizations without any objection from the Company.

In addition to in-house training, we also arrange field trips for our staff to visit suppliers so that they could gain hands-on experience from manufacturing processes. For instance, they have visited lightweight-concrete plant, hot dip galvanizing factory, and glass producing company. Among these trip, they have gained practical direct experience of laying lightweight concrete bricks from the producer.

The training programmes for safety are conducted regularly for staff and workers at site to ensure safety workplace. Training for the use of equipment is provided to ensure that all company's equipment will be used correctly and efficiently. The regular training programmes, including the development of skilled labour are also conducted to ensure that qualified works will be handed over to all customers. The detail of training programmes are as under:

#### Continuous programme

	Nos. of hours		Nos. of participant	
	2019	2018	2019	2018
Safety in Construction and using Scaffolding	258	342	4,198	3,551
Tower Crane Signal	240	87	348	177

#### Programme developed in 2019

	Nos. of hours	Nos. of participant
Safety, Occupational Health and Work Environment	22	288
Installation and inspection of Scaffoldings	66	139
Industrial Flooring and water proof	18	99

### Joining as a member of Council of Engineers network

In December 2017, the Company was approved as a member of Council of Engineers network. As a member the company is certified to host a training for engineers of the other members and sharing engineering professional knowledge among members as knowledge sharing to promote personal and country development in a sustainable way. In addition engineers can collect training hours toward the continuing professional development program (CPD), which is required when they need to take professional license exam as to prepare for their career advancement. The Company also sent our experienced staff to be lecturers of certain courses that organized by the Council.

The company has received approval to be a member of the Continuing Professional Development Network from the Council of Engineers in 2018. Since then we have organized training courses to enhance skills and experiences for engineers. In addition, we took them to manufacturers to learn production process and study how to use materials directly from 10 manufacturers. 261 engineers received on the job training, which is equivalent to 60 hours of training. Among those 261 engineers, 163 earned credits from the Council of Engineers. The credit earned will contribute toward their professional license exam in the future.

## Details of Trainings

Type of Training Courses	Total No. of Training Courses		No. of Training Staff		No. of Training Days		Total Training Expenses Per Year (Baht)	
	2019	2018	2019	2018	2019	2018	2019	2018
In-House Trainings	123	85	2,664	2,173	160	126	1,073,661	536,332
External Trainings	60	46	90	91	124	114	398,215	290,841
<b>Total</b>	<b>183</b>	<b>131</b>	<b>2,754</b>	<b>2,264</b>	<b>284</b>	<b>240</b>	<b>1,471,876</b>	<b>827,173</b>

## Average training hours according to employee level and gender

Employee Level	Hour/person/year	
	2019	2018
Operation Staff	16	28
Junior Management Level	12	25
Middle Management Level	9.5	20
Top Management Level	6	15

By Gender	Hour/person/year	
	2019	2018
Female	18	18
Male	18	30

## Performance Management

The Company has a system of performance management to support the employees to work efficiently and effectively in accordance with the ultimate target of the Company that is to “Develop Sustained Competiveness”.

The supervisor has duties to manage performance of their sub-ordinates in each level to achieve the successful by assigning the duties and responsibilities in accordance with company target and strategy. It is to enhance their sub-ordinates through training, coaching and mentoring according to their knowledge and capability.

The employees have duties to comply with their duties and responsibilities for the achievement of their target and meet the standard of performance and be responsible for self-development for better performance.

The performance evaluation shall be conducted annually to review the remuneration including promotion. This to

encourage and motivated employees to work with their full effort and dedication in works and improve their performance continually.

## Policy and Regulations about remuneration, welfare, provident fund

The Company has a policy of remuneration payment which related to the Company’s performance both in short and long term to motivate employees to devote themselves for the achievement of their target. KPI (Key Performance Indicator) and Competency is the mechanism in which the Company applies for the management of salary which is in short term. Other benefits which is beyond legal are also provided. This aim to promote the security for employee and their family and to build up long-term relationship between employees and the Company. The salary rate and basic remuneration shall not be different between female and male employees e.g. salary adjustment, bonus, incentive and etc. However, for long term remuneration it will depend on Company’s investment plan in the future and the outlook of market which the Company is operating in.



The Company has registered establishing Christiani & Nielsen (Thai) PCL provident fund, registered no. 211/2533 on 13 June 1990 with Provident Fund by SCB Assets Management to be saving and guarantee for the employees and their family. The employee are free to choose their own investment plan. The saving rate is depending on employees' voluntary at the rate between 5% - 15%.

In year 2019, the total amount in provident fund in company's contribution at the rate of 5-9% by using criteria of member's years of services for percentage calculation is 24.98 Million Baht with reserve according to the provident fund plan of 160 Million Baht which is covers all entitled employees.

All staff who has pass the probationary period will have the right to apply for provident fund membership. As at 31

December 2019, member of provident fund is 971 employees or 98.27% who are the members of the fund from 988 employees who are qualified according to the requirement of the fund.

### **Saving and Contribution Rate (Employees & Company)**

The contributions to the fund are from Employees and Company. The saving from Employee is at the starting rate of 5 percent. The contribution from the Company is at 5-9% depending on number of Employees' years of services to promote good morale and serve as a long term incentive to Employees who have many years of service. The employees saving rate can be from 5-15 percent depending on their voluntary. The saving and contribution rates are as under:

#### **Saving and contribution Rate according to employee's years of services**

Years of services	Contribution Rate (%) from Company
Less than 15 years	5
From 15 to 20 years	6
From 20 to 25 years	7
From 25 to 30 years	8
More than 30 years	9

### **Terms of payment**

The Company shall pay to the employees who dismiss form membership of the provident fund when they are resigned or retired from the Company. The payment and benefits shall be cumulative of saving from employee and contribution from the company depend on employee's years of services.

Year of membership (after probationary period)	Cumulative Employee Saving (%)	Cumulative Company Contribution (%)
Less than 5 years	100	none
From 5 to 6 years	100	50
From 6 to 7 years	100	60
From 7 to 8 years	100	70
From 8 to 9 years	100	80
From 9 to 10 years	100	90
More than 10 years	100	100

## Other Welfare and Benefits

Welfares and Benefits will be provided to employees and their family after they pass the probationary period. Employees at same level shall receive the same welfare and benefits regardless of their gender, race, age and religion. Welfare and Benefits are as under:

### Promoting Health Policy

The Company provides yearly physical check-ups to all its Employees with the aim of detection and protection before any severe disease that may occur. The Company also provides medical insurance, which is in addition to Social Security's medical benefits for Employees, to enable them to access better medical services. Moreover, the Company also provides first-aid services at its office and on worksites. In addition, certain worksites have a nurse stationed at a first-aid

room to provide first-aid assistance and give advice on health care and use of medicine.

The Company also promotes its Employees' good health by hiring trainers to conduct aerobic exercise and yoga classes on daily basis as well as the exercise room with a fully equipped gymnasium with trainer to guide how to exercise and use equipment properly and safely for Employees at Head Office who want to exercise after working hours. As for employees at the plant and construction sites, the Company has provided a proper exercise venue with necessary sport equipment. The objective is to facilitate our employee who want to exercise after working hours without travelling and expenses as to promote good health and for the benefit of Employees.

### Work Absence at Head Office, Plant and Construction work sites are as follows:

	Gender	2019	2018	2019	2018	2019	2018
		No. of Person		No. of Days		Average (Day:Person)	
<b>Head Office</b>							
Sick Leave	Female	75	122	443	510	5.9	4.2
	Male	58	111	280	362	4.8	3.3
Business Leave	Female	36	44	94	92	2.6	2.1
	Male	33	35	63	63	1.9	1.8
Annual Leave	Female	116	117	1,276	929	11.0	7.9
	Male	105	103	1,007	819	9.6	8.0
<b>Plant</b>							
Sick Leave	Female	5	15	19	63	3.8	4.2
	Male	15	35	70	96	4.7	2.7
Business Leave	Female	6	20	17	55	2.8	2.8
	Male	19	31	72	113	3.8	3.6
Annual Leave	Female	13	22	160	108	12.3	4.9
	Male	45	50	469	379	10.4	7.6
<b>Construction work sites</b>							
Sick Leave	Female	195	143	1,174	663	6.0	4.6
	Male	290	401	1,440	1,589	5.0	4.0
Business Leave	Female	120	51	328	181	2.7	3.5
	Male	136	198	329	518	2.4	2.6
Annual Leave	Female	117	131	1,087	753	9.3	5.7
	Male	495	564	3,958	3,513	8.0	6.2

After one year of service, employees are entitled to 10 days Annual Leave.

Annual Leave for 891 employees who are entitled for Annual Leave in year 2019 (nos. of Annual Report in this Report is including the Annual Leave taken by employees who were resigned during the year).

### **Housing/camping**

The Company provides housing for Employees who are working outside Bangkok city limits in order to facilitate living and reduce the impact of higher cost. The Company builds temporary camp sites located near its construction sites for staff and labour including sub-contractors' labour. These camps must be safe, clean and with a healthy living environment.

### **Child care at construction sites**

It is the Company's policy to provide housing for staff and workers who are working at construction sites. In addition to housing, at some construction sites with a long period of construction and a large number of staff and workers, the Company may provide a child care center for the children of staff and workers. This is to improve the quality of life for those children. As a "result, children had someone to look after them while their parents were at work. Other than improving the quality of life for the children, parents can also rest assured that their children are cared for, allowing them to work more effectively.

### **Financial Aid**

#### **Medical care benefit for staff and family**

The Company absorbs limited cost of out-patient medical services for its Employees which is beyond the medical services provided by Social Securities Fund. The Company also provides insurance to cover in-patient costs and accident for Employees. As an in-patient, gifts will be sent to Employee for caring and concerning. In addition, the Company also provides limited in-patient medical benefits to the spouses and children aged 20 years or younger of its Employees as well.

#### **Life Insurance, accident and social funds**

The Company provide group life insurance policy at the rate of 12 times of each employee's salary and medical group insurance with Alliance Ayutthaya Insurance PCL.

The Company paid the contribution, as required by law, to Social Security Fund and Workmen's Compensation Fund.

### **Funeral expense aid**

As one of the policies to ease the financial burden of its Employees, the Company provides funeral expense aid in case Employee or the Employee's family members passes away. The Company sends the wreath in condolence for the loss of the Employee.

### **Saving Cooperative**

The Company encourages the establishment of a saving cooperative and named it the "Christiani & Nielsen Employee Saving Cooperative" or Co-op in short. The Co-op is managed by the Employees with the objective to encourage employee's saving for their financial stability in the future. Moreover, it is a financial aid amongst its members. The Company supports the Co-op staff and allows the Co-op to use Company premises.

Moreover, the Company act as a centre in supporting its employees for special interest rate and conditions for housing loan from various commercial banks.

### **Employee Welfare Committee**

The Company had established the Employee Welfare Committee of which according to the law. The Company facilitate the election of Employee to be a member of the Committee. The members of the Committee being the representative from Employees to jointly consult with the Employer for the purpose of providing welfare to the Employees, give advice and recommendation, inspect control and supervise welfare arrangement, promote employees relations activities, comments and propose guidelines to improve workplace environment and etc. The Committee can create a good morale to Employee which in return, it can increase productivity and efficiency in the Company.

### **Environmental Operation (CSR In Process)**

Since the establishment of the Company, the Company has conducted its business strictly in compliance with all related laws and regulations, governed by related authorities for social and environmental protection. The Company realizes that simply complying with regulations is not enough, and accordingly, a clear policy to prevent harmful effects and

pollution from the Company's work was set up. Reviews are regularly conducted to control and monitor the effects of the Company's work in order to ensure the highest level of effectiveness. This policy is updated with the changes in environment to ensure long-term sustainable development.

The QSHE (Quality, Safety and Health Environment) Department was set up to monitor and ensure that construction operations comply with the related laws and regulations. The QSHE will also ensure that quality and safety is in accordance with the high standards and policy of the Company. The aim is to prevent or minimize all accidents and negative impacts that may occur during the construction process.

The Company was granted the certificate of OHSAS 18001:2007 (Occupational Health and Safety Assessment Series) from the certified body. The objectives for this assessment is for the monitoring to reduce and control all risks of employees and the others and to increase the efficiency of business.

In 2019 we introduced ISO 45001:2018 to replace OHSAS 18001, the internationally recognized health and safety standard to strengthen our organization's good reputation. We aimed to define and set clear health and safety objectives. Moreover, we also included more opportunities for staff to participate in the program. The new ISO 45001:2018 will be focused on improving safety and environment within the organization in a broader sense. Risks, opportunities, legal requirements were considered and included. The goal is for our staff to be able to work in a safe and healthy workplace, which means we would control loss, injury, accident, to the minimum. We plan to be certified with ISO 45001:2018 by February 2020.

### **Occupational Safety, Health and Environment**

The Company cared for life and health and is determined to promote safety for employees to prevent injury, accident and sickness from work and control insecurity that is involved in business operation of the Company by defying the policy of safety, occupational health and work environment as the guidelines underlined under Safety, Occupational Health and Working Environment Act. Therefore, Safety is the strictest policy which all departments must follow. It is a duty of all

employees to take care of the health and safety of oneself and the others in the operation. All employees are required to cooperate with the Company to comply with rules and regulations. Moreover, the Company also encourages employees to realize the importance of safety at all time by providing training on a regular basis. The company plans and set method to reduce the accident including discussion to strengthen safety mindfulness and how to react to accident.

The Company established the Safety, Occupational Health and Working Environment Committee including representatives from Employer and Employees with the aim to defy standard and policy for safety for effective management. The Committee shall be responsible for prepare safety plan, safety reporting and propose the measurements according to the laws to ensure safety and healthy work place for all employees, sub-contractors and other related parties.

At every work site, the Company provides Safety Officers at various level such as Supervisory Level, Operation Level and Professional Level to oversee and monitor the operation according to the professional safe standard, the planning and the work conditions to be in compliance with the applicable laws, such as lines drawing, warning signs installation and providing of safety equipment. Safety Officers at work sites will monitored and advised in order to ensure that work sites are running under safe conditions. There is a daily morning "Toolbox Talks (Safety Talks)" to brief all Employees to be aware of safety during their day to day operations. The Company has also set out a campaign for the awareness of health and safety at work sites, called the "Best Sites for Safety and Cleanliness", whereby the best performing sites in these aspects are rewarded with cash rewards and commendation certificates are given to the Project Managers and staff. This also improves morale and encourages safety awareness at every stage of their work. The best safety performance is judged in accordance with safety standards outlined by OHSAS's standards regarding safety management.

The Company had set the rules and regulations for safety workplace for all employees to follow based on Security Act (2011), Ministerial Regulations (2006), and Ministerial Regulations (2012).

## Health and Safety Policy

1. Employee must be aware of safety and health in every construction activities and including other related parties in that operation.
2. In all workplaces, the company will provide and preserve as under:
  - Safety workplace including proper access way
  - Safety working system and equipment
  - Ensure proper safety standard for safe workplace
  - Occupational Health and Safety trainings.
3. Promote employees to participate in health and safety programme. Appointing Safety Officer as a member of Occupational Health and Environment Committee.
4. It is a duty of all employees to ensure their own health and safety as well as other co-workers. All employees must strictly perform their duty with full responsibilities.

### The Regulations for working in safety place:

- Safety training i.e. work in risky area, use of fire extinguishers, and first aid.
- Safety in general work. The employees, workers including subcontractors must wear safety protection at all the time to prevent the harm from work. Head, ear, feet, face, eye, respiratory, hand, and arm must be protected. Also devices to prevent falls from the height must be working.
- Display safety sign such as prohibit signs, warning signs, mandatory signs and safety condition signs with the different colours to differentiate the types.
- Firefighting training to identify type, cause of the fire and how to protect oneself, how to use fire extinguishers including practice the fire alarm plan, set the fire exist routes and emergency contact numbers.
- Set the environment in workplace and arrange welfare;
  - o Promote 5S (Sort, Set in order, Shine, Standardize and Sustain),
  - o First aid room, medicine and car to send sick person to hospital. Equipped Exercise Room and Sanitary canteen.
  - o Arrange activities to promote safety and safety driving campaign.

## Environment Policy

The company promotes and enhances its employees to be aware of the importance of environment protection and set out the policies as under:

1. Economical use of material and power. If appropriate try to reuse or recycle.
2. Where possible, use material or products from reliable sources to ensure the reuse or recycle.
3. Implement proper measurement to avoid any affection from constructions to nearby communities.
4. Worksite and work place must be kept clean and tidy at all time.
5. Promote employees' knowledge for green building construction.

## Occupational, Safety and Health Training

The Company regularly conducts the Occupational, Safety and Health training programme for its Safety Officer and staff working at worksite. During last year, 11 training courses were conducted to ensure all staff at worksite understand and are aware of safety in work place in order to avoid or prevent accidents or diseases from work-based.

The Company had registered with Department of Labour Protection and Welfare to set up its own training unit for Safety Officer at Supervisor level including other training course related to safety workings in various type. The Company can conduct in-house training and is able to issue the certificate to the trainees.

## Prevention of risk from work-based Diseases

The Company is aware of good health of all staff both in Head Office, Plant and Site Office by providing annual medical check-up for all staff. Moreover, the specific medical check-up programme is provided for staff according to their risk exposure environment such as Pulmonary Function Test, Visual Test, Hearing Test and etc. to prevent or eliminated the risk from work-based diseases.

## The Operation in Sriracha Plant

With the Company's target to double its construction income, the Company's plan was to increase its Equipment and Scaffolding Plant capacities, which are important supporting units to the increase of the Company's productivity. The Company realized that increasing the production in its plant, which includes equipment maintenance, steel fabrication and erection, etc. may pollute nearby communities. The Company therefore relocated its existing plant from greater Bangkok to Sriracha, which does not have crowded communities in its neighboring areas.

The Company had strictly complied with related laws and regulations concerning environment and communities. The Company aims to establish a good connection with local community like school and temples by supporting and improving the surrounding area. The Company also offers the job for the locals to work in the Plant.

## **Environment Management in in Structural Steel Manufacturing and Plant**

### **The Operation in the Structural Steel Manufacturing**

Structural steel is one of the major equipment used in construction of all types. In order to create Company's long term cost competitiveness, the Company had applied for and was permitted to operate the manufacturing plant for steel structure works with the capacity of 10,000 tons per year. This aim to serve all Company's construction work sites for design and fabrication of steel works as well as provide service to external customers to increased its revenue.

### **Safety and Environment protection in Structural Steel Manufacturing**

To prevent dust and reduce noise, the panel had installed around the manufacturing plant in order to avoid any disturbance to the community.

### **Waste Management for production process**

- Continue developing and improving production process and supporting activities to minimize the waste.
- Waste management system is complied with the law including storage, re-use, treatment or dispose outside the factory.
- Reduce landfill by categorized the waste according to its useful.
- Regular monitoring and evaluating the waste management system.
- Sewage water must be treated before disposal.
- Coordinate with the government service and strictly complied with laws and regulations of The Ministry of Industry.

### **The Operation in plant yard and workshop**

The Plant in Sriracha is the central storage and management for construction equipment of more than 10,000 pieces consisting of machinery, equipment, tool, scaffoldings and steel works. The plant also provides the maintenance services and transportation services to all worksites located

in Bangkok and various countries around Thailand. The policies for environment protection and safety in plant yard including transportation system are as under:

- All equipment to be used in worksite and being maintain or repair must be kept separately and categorized according to the use.
- Using Preventive Maintenance System to ensure that all equipment will be in proper condition at all time to reduce numbers or frequency of broken equipment.
- All machine, equipment must be checked and maintained periodically. All broken machine and equipment must be repaired in time and be ready to be use with quality and safety.

### **Waste management in plant yard and workshop**

- Sewage receiving area, and waste disposal area must be kept clean at all time.
- Provide proper area, container with proper coverage according to the type of trash or waste such as paper, plastic, oil and contaminated or toxic waste.
- Contacting with company experiencing in disposal of contaminated or toxic waste.
- Contacting with vendors for the sale of reusable wastes such as paper, plastic, residues, oil and etc.
- Strictly complied with laws and regulations of The Ministry of Industry

Safety Standard for Transportation of material and equipment The Sriracha office is transporting the material construction, including to scaffolding and steel work to various worksites located in many areas in Bangkok and up country. Therefore, the transportation must be handled appropriately and safely from the starting point to distinctive destination. The transportation policy are as under:

- Transport with safe, complete, accurate and on time.
- Develop and promote workers to implement good quality management system.
- Be responsive to all worksites requirement and satisfaction.
- Strictly comply with the regulations of Department of Land Transport
- Arrange equipment, tool or material on truck effectively to prevent any hazards or accident during the transporting.

**SAFETY AND ENVIRONMENT REPORT  
ACCIDENT STATIC 2018 AND 2019**

Month	Man-hours		Total Accident Target < 50 Cases : 1 MMH				Lost Time Accident Target < 20 Cases : 1 MMH				Fatality Target = 0 (Zero)						
	2019	2018	Total	2019		2018		Total	2019		2018		Total	2019		2018	
				Frequency in 1 MMH	Frequency in 1 MMH	Frequency in 1 MMH	Frequency in 1 MMH		Frequency in 1 MMH	Frequency in 1 MMH	Frequency in 1 MMH	Frequency in 1 MMH					
January	1,593,415	1,731,354	14	9	10	6	7	4	6	4	3	0	0	0	0	0	0
February	3,273,562	3,354,262	32	10	20	6	16	5	13	4	4	0	0	0	0	0	0
March	5,004,026	4,950,061	49	10	29	6	28	6	19	4	4	0	0	0	0	0	0
April	6,300,010	6,175,156	65	10	33	5	36	6	21	3	3	0	0	0	0	0	0
May	7,927,942	7,837,258	71	9	48	6	42	5	33	4	4	0	0	0	0	0	0
June	9,681,167	9,355,561	77	8	61	7	48	5	45	5	5	0	0	0	0	0	0
July	11,381,558	10,955,152	86	8	71	6	53	5	53	5	5	0	0	0	0	0	0
August	13,428,101	12,529,811	95	7	80	6	60	4	58	5	5	0	0	0	0	0	0
September	15,384,461	14,349,103	109	7	92	6	71	5	62	4	4	0	0	0	0	0	0
October	17,110,264	16,128,936	116	7	110	7	75	4	72	4	4	0	0	0	0	0	0
November	18,901,548	18,186,568	123	7	118	6	78	4	79	4	4	0	0	0	0	0	0
December	20,428,502	20,045,137	130	6	124	6	82	4	83	4	4	0	0	0	0	0	0

## Construction projects rewarded as part of safety campaign

In year 2019, there were 30 projects out of 45 projects that were awarded according to the Company's safety campaign, having worked for 3 consecutive months without lost time. The rewards awarded was Baht 499,750.- (In 2018 there was 29 projects out of 71 projects with the rewards of 474,300.-)

## Safety and environment projection at Worksite Pollution reduction during construction process

The Company's construction policies is to reduce or avoid any activities which may affect the environment by applying the standard of Green Building Construction according to LEED (Leadership in Energy and Environment Design).

The Company put in place measures to mitigate impact to the environment, i.e dust and noise pollution, or surface water. Each worksite is required to do as follows:

1. Worksite must be kept clean and tidy at all time. Proper storage of materials and reusable items on site. Control when remove loose material;
2. Install dust mesh sheet around the building and site for projects that are located close to the community. Install construction safety debris mesh net to protect against falling objects and to minimize the hazard posed by the emission of construction dust.
3. Cooperate with the authority if there is any request to withhold construction for certain days in order to reduce PM 2.5 dust.
4. Speed limit for vehicle in construction site. Prepare site hoarding and dust protection. Road and access must be kept clean, all truck wheels must be cleaned before leaving the construction site to reduce the amount of sediment transported outside.
5. For a construction site with open-cut excavation, regularly damp down surfaces with water to prevent dust from spreading.
6. Carry out noise generating construction activities within specific hours that the community has agreed upon. However, if the activity must be carried on after the agreed hours, the worksite must notify the neighbours in advance.
7. Control sediment/debris at site boundary and outlet and control soil erosion at site access area;
8. Segregated trash and waste and having waste water control. Construct grease trap to treat water contaminated by oil. Regularly repair and maintain

machine and equipment in good condition with no oil leakage with proper control and disposal by sanitary methods.

9. Control the quality of air around the worksite and nearby area. Conduct a routine housekeeping and measuring air quality at worksite.

## Numbers of complaints about Environment and Social Impact

The complaints about environment and social impact during construction process can be notified to Company's Project Manager or e-mail at [cnt@cn-thai.co.th](mailto:cnt@cn-thai.co.th).

During the past year, there were no significant complaints received for any impact to environment or social.

## Campaign for Environment Protection

Management Executives not only realize the importance of environment preservation during the operation, but also during daily life of our staff. As a result, the CNT Go Green project was initiated from our top management to raise environmental awareness in the organization. The goal is to instill the value of environmental conservation, and also to prevent global warming which is the result of human activities. Staff, family members, and friends could join hands to solve environmental problems together. For example, minimize the use of paper and single-use plastics, waste sorted, etc., with the target to stop using single- plastics both at the Head Office and at worksites by 2020. The continuing communications and activities within the Company as under:

- 1) Policy and campaigns were internally communicated via Company Journal, e-mail, computer wallpaper, posters and signboard.
- 2) Cloth bags were given to all staff to reduce the use of plastic bags.
- 3) Providing garbage bins for segregation according to type of wastes.
- 4) Stop consuming water in plastic bottles in the meeting rooms and replace them with water jars.
- 5) Try to eliminate the use of single-use plastic straws and encourage staff to use personal cups and reusable straws.



## Company Head Office

The Company Head Office at 727 La Salle Road, was constructed on the land plot of 10 Rai to support the Company's expansion. The office is a 7-storey building with a floor area of 10,000 square metres, which can accommodate up to 750 staff. The design concept was loft style, which is modest and environmentally friendly. The new Head Office was designed with a view to reduce energy consumption and provide modern facilities, including a training room, cafeteria, lounge, fully equipped gym room, and external recreation area, to create a pleasant working environment that is also disabled-friendly. The new Head Office was completed in 2013 and the Company relocated to the new Head Office on 28 April 2014.

Features of the design for an energy saving working place:

1. Installing LEDs (Light-emitting Diodes) which consume less power, giving more brightness with low heat and a long useful life time. The use of LEDs is calculated to reduce energy consumption by 60% when compared to other types of light bulbs.
2. Installing VRV (Variable Refrigerant Volume) air-conditioning system. With this system, the reduction in energy consumption is around 20-30% compared to normal systems.
3. Installing Heat Absorbing Glass (Double Insulated Low E Glass). This glass can absorb twice as many heat rays as regular glass, and acts as a reflection filter for unwanted light. This glass thereby reduces the heat in the building, and reduces the energy consumed by air-conditioners.
4. Installing motion sensor lights in all restrooms: A motion detector controls the lighting system, and turns the lights on when it detects any motion and automatically turns the lights off after a certain period of time. It facilitates energy saving and generates less heat from light bulbs.

5. Plan to install solar roof on Head Office and Plant's roof top to substitute some of power energy by using solar power. The installation expected to complete in the year 2020.

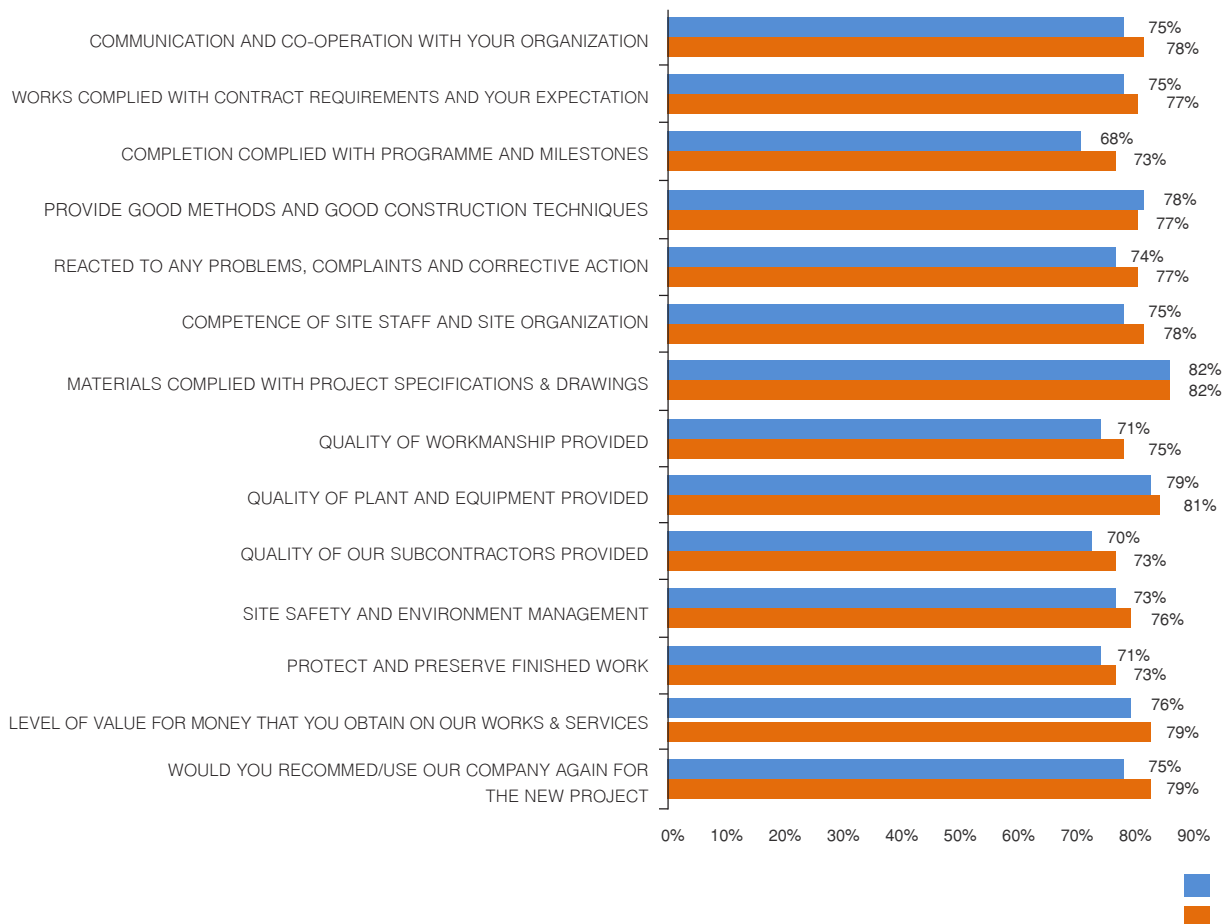
## Responsible for products and services

The Company is highly aware of customer's trust and confidence, which is very important to the Company. It is the Company's policy to conduct construction under close supervision at every process, starting from the beginning i.e. designing, consulting, and supervising to ensure that all buildings are constructed correctly and in accordance with the highest professional standards. All materials must be of good quality, qualified standards and meet the customer's needs. The Company has issued the "CNT Standard for Architectural Works" to use as a guideline and to be monitored by Quality Assurance (QA) Department which is independent from construction operations management. The QA Department visit worksites to ensure that during the construction period and before handing over to customers, all construction works are qualified in accordance with Company's standards and meet customer's specifications. The Company also solicits client satisfaction feedback to projects' owner and or their representatives for improving and developing operations to maximize customer satisfaction. The Company provided a guarantee period of not less than 1 year or at owner's requirement to ensure the safety and quality of the buildings.

The Company conducted a survey that contained 14 topics concerning client satisfaction. The survey had a scale of 0 to 10 with 10 be the highest and 0 the lowest. 122 surveys were sent to project owners last year. The result yielded an average of 80%, which was slightly the same as the previous year. We could therefore infer that we were able to maintain quality standard of our service to the clients. In addition we would adopt clients' suggestions to improve our service even further especially in the topics that received less scores than the others. We aim to continue improving our service to reach the highest client satisfaction.

Last year, the customer feedback was surveyed with a satisfactory result and details thereof are as under:

### CUSTOMER FEEDBACK



The Company had implemented the quality management system ISO 9001:2015 the international standard that specify requirements for quality management system in the organization, with the purpose of ensuring that the Company can deliver services that meet clients' requirements and expectation and comply with legal requirement. Moreover, Company has provided training to personnel at various levels to understand the standard regulations and for employees to apply them appropriately depending on the level of responsibility of person in each group.

#### Complaint for Quality of work

The customers can complain for quality of work during the construction process and thereafter by make a complaint in Customers' Feedback Survey or directly inform to the Company's Project Manager or Management or by sending

e-mail at [cnt@cn-thai.co.th](mailto:cnt@cn-thai.co.th). All problems or complaints will be responded as fast as possible according to our employee's core competency "Alertness".

#### Customer Privacy

The Company insists on protecting customer's confidential information from loss, misuse, unauthorized disclosure, modification, and unauthorized destruction. The Company handles complaints through phone lines, e-mail and letters to/from customers. The Company always prioritizes the principles of transparency and responsibility in providing services to its customers in order to meet the commitment to provide the best service for its customers, provide a rapid responses to various requests and complains as part of Company Core Competency. Therefore, during last year, there have been no complaints whatsoever regarding the mentioned issues and no financial

penalties or other sanctions associated with the violation of the confidentiality of customers' data.

### **Innovation (Value Engineering)**

Through Company's experience gained in the construction business over the past several decades, the Company always encourages its employees to find new construction methods and new equipment to increase Company's productivity with least adverse environmental impact. The objective is to accelerate the construction time with lower costs and minimal environmental impact and meet the continuing changes required for long term satisfaction of the customer.

The Company has put in place a campaign to encourage innovation in construction activities by encouraging all employees, in office and on worksites, to submit their innovative plans and ideas for a better working system or new methods of construction which can be proved to be better than existing ways or methods and can save both time and cost (Value Engineering). The ideas must comply with Company's quality standards, lower cost of construction and must be delivered in time and in accordance with customers' needs. Moreover, the idea must be able to be applied as a prototype for other departments or worksites and for long term development to enhance Company's specialist skills and reputation. This is the encouragement for continuous thinking to create long-term sustainability and in line with Company's mission, which is to "Aim to produce high quality works, develop optimum sale and services and develop optimum staff cost consciousness". That includes innovation that reduces environmental impact from the project. The goal is to preserve the environment and promote creative thinking in the employees for them to be a part of sustaining the environment.

The "Best Innovation Award" is one of such initiatives that have been put in place. The Company has appointed its top management to be members of the committee to select the best proposed innovation ideas. Rewards and certificates are given as morale boosters and encouragement for continuous thinking to create long-term sustainability.

### **Paperless Organization**

In order to enhance our efficiency and speed up its operation including to reduce the use of paper which in turn to save natural resources. The Company intention is to reduce the use of paper in organization as much as it can, e.g. reduce

the print or the copy, use both sides of the paper. Moreover, IT department was assigned to internally develop document storage to be in digital form to replace paper form. Several requisition forms internally use such as Application for leave, name card printing, travelling approval and gasoline approval were also developed from approve on paper to be approved on line by using our internal web-mail.

Furthermore, for work process which is related to Procurement and Accounting, we have develop JD Edward Enterprise 1 to enable the processing of data on-line (data input, data processing and showing the result) instead of paper print out. With all these efforts, last year we are able to reduce the paper consumption of 3,080 reams.

### **Participating in Social Development (CSR After Process)**

The Company strives to meet the declared policy of the responsibility to Company's stakeholders, especially towards the communities which are directly and indirectly related to Company's business. These communities can be directly affected by the operations of the Company. The Company is aware of its responsibility to these communities and society, does as much as possible to absorb social accountability, going beyond what is required by the relevant laws. There are many projects and activities in which the Company participates, as its contribution to communities and the society both CSR in process and CSR after process.

The Company assigned construction site to participate in the local community environment improvement projects and activities as deemed appropriate. The construction site may join with the stakeholder for a building project to achieve environmental and community betterment.

Last year, the Company had supported activities in CSR After Process by joining with various social organizations, organizations, education institutions and etc. with total expenses of 484,000.- Baht.

### **Education Support**

The Company realizes the importance of education as a major mechanism to develop the country. The Company is continuously support the education in a remote area. Total support in 2019 was 386,000.- Baht.

## Intern students

One of the Company's policies is to support intern students from technical school and university both private and public education institution to temporary work with the Company in various departments or work site. These students will have an experience in a working environment and can prepared themselves for future employment.

In 2019, there were 41 intern students from 23 education institutions working in Head Office and work sites. Among these intern students 3 of them were join with the company after their graduation. In year 2018, 3 intern students among 36 intern students from 16 education institutions were joining the Company after their graduation.

## Social Support

Blood donation: Under the name "CNT's donation for good faith to the King with the Thai Red Cross Society", to encourage Employees to sacrifice for others and to promote Employees to do merit in the office, the Company, with assistance from Somdejprapinklao Hospital, sets up a blood donation mobile unit at the Company's office every three months. Two weeks before the mobile unit is set up, the Company publicizes through the notice board in the office, giving employees an opportunity to prepare themselves for the donation. This campaign has been regularly conducted since a few years. During last year, the blood donation drive was arranged 4 times, detail as follows:

	Date	No. of Donator	Amount of Blood Collection
1/2019 (33)	24-Jan-19	48	21,600 cc
2/2019 (34)	26-Apr-19	39	17,550 cc
3/2019 (35)	2-Aug-19	50	22,550 cc
4/2019 (36)	1-Nov -19	43	19,350 cc
Total amount of blood collection			81,050 cc

The Company supported the social activities by joining with various organizations including the disabilities people, total support in 2019 was 40,000.- Baht.

## Cultures and Religious activities Supporting Buddhist Religion

The Company realizes the importance of supporting Buddhism to inherit the good culture of the country. The Company and its stakeholders often support cultural and religious activities. The Company regularly support the nearby community for the activities, as follows:

- Joined with Phong Ploy Anusorn Communites on the occasion of Buddhist Lent ceremony.
- Activity for Songkran Festival involving paying respect to the Company's Senior Management, called "Rod Nam Dam Hua".
- Joined with Nong Kham Sub-district Admin Organization for the following activities
  - o Activity for Songkran Festival and Rod Nam Dam Hua.
  - o Activity for Loy Kra Thong Day.

The Company supported the culture and religious activities by joining with various Temple and organizations, total support in 2019 was 58,000.- Baht.

## Participation in sustainability Network

The Company joined hand with various social organizations in both public and private sectors for the contribution to society as under:

- Continuity joining with Rotary Club for the contribution to society.
- The Company joined hands with Artist's Friend Foundation to construct the school in remote area, depending on the foundation resolution to build the certain school in remote area.
- Supports construction materials to communities, school, temples and any other public places upon requested.
- Allocate area in Head Office for the station of donation box from "Baan Nok Khamin Foundation"

- The Company joined with the declaration for the cooperation between the public, private and civil society sectors. “Create a new dimension to create 10,000 career for disabled person” by the Thai Health Promotion Foundation. Therefore, this is to improve disabled quality of life and added economic value to the country.
- Thai Listed Company Association: being the member of CSR Club to make benefits for public and share information, experiences and knowledge of CSR development.
- Thai Contractors Association of Thailand: being lifetime member with the Association for jointly with other members for contribution to the society, share information, experiences and knowledge to develop the constructions business. The Company also send its executive to be a candidate and was elected as a director of the Thai Contractors Association of Thailand.
- Joining as a member of Council of Engineers network and was certified to host a training for engineers of the other members as well as share engineering professional knowledge among members as knowledge sharing promotes personal and country development in a sustainable way. In addition engineers can collect training hours toward the continuing professional development (CPD) program to take professional license exam as to prepare for their career advancement. The Company also sent our experienced staff to be lecturers of certain courses that organized by the Council.
- Installing “Too Chuen Chai” — with every purchase created income for betterment of disabilities by joining with Social Innovation Foundation, and Civil Society Working Team worked together to provide a space in Head Office and in Sri Racha Plant yard for charity vending machine called “Happy Vending Machine” (Too Chuen Jai). The proceeds will go toward supporting occupation for the disabilities. Five percent of sales will be contributed toward lessening hardship and improving life quality for the severe disabilities.

## SUPERVISION OF THE USE OF INSIDER INFORMATION

Christiani & Nielsen (Thai) Public Company Limited has the policy to ensure correct and adequate disclosure of information such as financial statements and other significant data or information related to the business, on a transparent and timely basis to shareholders, investors and general public.

The Board is committed to comply with rules and regulations with regard to the disclosure of information in a timely manner with full transparency. The monitoring of the use of insider information of the Company is considered the responsibility of the Directors, executives and senior staff who are obliged to strictly monitor and prevent any leaks of the Company's confidential and privileged information including information not yet revealed to the public or any data that might affect the Company's operations or share price. This includes the prohibition on use of Company's information obtained from directorships or employment for personal benefit or conducting business or other activities in competition with the Company. The Company has determined it as policy and guideline in the Business Ethics and Code of Conduct Manual which is disclosed on the website of the Company under the subject of Corporate Governance.

Pursuant to section 59 of the Securities and Exchange Act B.E. 2535, all Directors and Management Team members are required to report the changes in their shareholding to the Office of the Securities and Exchange Commission within 3 business days from the date of trading/transfer of the Company's shares and/or other securities (as the case may be). Such reporting shall extend to any change in shareholding of any Director/

Management Team member's: (i) spouse, (ii) cohabiting partner, (iii) minor children, and (iv) any juristic person in which such Director/Management Team member holds more than 30% of the total voting rights of such juristic person (including that of his/her spouse, cohabiting partner and minor children), ((i) to (iv) referred to as "Relevant Persons").

In accordance with the Company's Corporate Governance policy, the Company does not allow the following persons to trade/transfer the Company's shares/other securities (as the case may be) during the period of 30 days before considering the quarterly reviewed results and annual audited results are announced and also within 2 days after any notifications and also at least 5 days before the Company makes any significant announcement:

- All Directors and Management Team members (including their Relevant Persons); and
- The Company's personnel in the Finance & Accounts Department, and the Investor Relations Department who are close to the relevant inside information of the Company.

During the year, the above policy has been fully complied and no non-compliance cases have been observed.

Furthermore, according to the Company's Corporate Governance Policy, all Directors and Management Team members are encouraged to inform the Company their intention (including that of their Relevant Persons) to trade/transfer the Company shares/other securities (as the case may be) at least a day in advance.

# INTERNAL CONTROL AND INTERNAL AUDIT

The Company recognizes the importance of internal control and internal audit and, accordingly, has set up an Internal Audit Department which reports to the Audit and Governance Committee to ensure that there is an appropriate and effective control system and to have reasonable assurance that the Company can achieve the following main objectives in this area:

## Operation

Efficient and effective operations, including safety of assets, skillful use of resources for the best benefit of the Company, detection or mitigation of mistakes and wastage, including fraud in the operation units. Assessment procedures have been set up for reviewing the following matters:

- Company policies, regulations and authorization;
- Company Procedures;
- Follow up process of operations;
- Reporting and monitoring;
- Laws and regulations, Occupational Safety Health and Environment;
- IT and communication systems;
- Internal controls.

## Financial Reporting

Should be timely, accurate and reliable, including effective performance evaluation.

## Compliance

Full compliance with the Company's policies, procedures, laws and regulations.

The Company has set up an appropriate and sufficient Internal Control System for its operations. The Company's internal control is comprised of five different dimensions as follows:

### 1. Control environment

- Set policy and goals of the operations, including effective monitoring;
- Organize, set duties & responsibilities, clearly distinguish the authorization of operations and management and define job descriptions;
- Establish discipline, competency and training programs to develop staff and help them achieve higher capabilities;

- Review and revise procedures to ensure that all functions are carried out efficiently.
- Prescribe ethical codes and prohibitions as part of its corporate governance policy, and require its directors, executives and other staff to comply with such conduct codes in order to avoid an occurrence of any conflicts of interest. Such ethical codes and prohibitions are disseminated via a printed handbook, the Company's website and regularly communicated to its entire staff.
- Our staff have to perform the job in the best effort, be honest, and fair-minded. The management and employee shall not use the Company's confidential information to gain the benefit to oneself.
- There are Anti-corruption policy and No gift Policy which clearly specified the principle of Anti-corruption, conflict of interest, internal control, whistleblowing, protection measures, disciplinary action and require its directors, executives and other staff to comply.
- There is a clear disciplinary action if the rules and regulations are violated.

### 2. Risk Management

The Company established the Risk Management Department which is overviewed by the Risk Management Committee to evaluate risk, implement risk management systems, and also advise all functions to mitigate risk to an acceptable level.

### 3. Control Activities

The Company established relevant controls for all scope of work processes. Reporting of operational outcomes is regularly required in order to provide the management with relevant information required for decision-making and problem solving. Segregation of duties in each business unit is clearly set to provide check and balance features. Authority and authorization limits are prescribed in writing for all decision making levels. Safeguarding procedure for corporate assets are exercised to protect against possible damage and inappropriate use.

Budgeting system for controlling and monitoring cost at various construction sites are also put in place to ensure that the appropriate and sufficient controls are in place, all levels and functions have to operate their work to achieve their targets in accordance with the Company's established procedures, Code of Conduct, laws and regulations, rules and regulations of the Stock Exchange of Thailand, etc.

#### **4. Information and Communication**

The Company provides sufficient information and reports to all levels and all functions to ensure their efficient operation. For the Accounts & Finance data, the Company specially developed the ERP-JDE E1 system, for the transfer of data between construction sites and the head office in close to real time. This data & information includes not only internally generated data but also information on external events, activities and conditions necessary to informed business decision-making and external reporting.

It is the Company's policy to maintain strict security measures on application of its information, data base and Information Technology Systems, which all staff are obliged to promptly comply with. The Information Technology Department is assigned to oversee system security and efficiency of the Company's computer and information systems, which are well monitored and continually updated by the Information Technology Department, in collaboration with the Internal Audit Department and other relevant departments. Contingent and back up plans are established for emergency purposes and against loss of data. The Company's accounting policy and records comply with the generally accepted accounting standards as well as appropriate practices of the industry. There is no comment from the external auditor about deficiency of the data base for support the account.

The Investor Relationship unit has been set up to provide general information, financial information and any other information as may be required from investors and other stakeholders. The Company also set up the channel for complaints, whistleblowers and other information

from both internal and external stakeholders.

#### **5. Monitoring**

In addition to monitoring and evaluating from the line of command, the Internal Audit Department is also responsible for auditing and assessing internal control in each function. The Audit Report is sent to Management and the Audit and Corporate Governance Committee for their review and inputs. Any deficiencies will be monitored and recommended for improvement. The internal auditor will follow up on these corrective measures and also report to the Management and the Audit and Corporate Governance Committee regularly.

The above mentioned internal control system is to ensure that overall Company's business operations will achieve the objectives for efficiency in internal control system, resource consumption, stewardship of properties including the prevention or reduction of errors, damage, losses, and waste and the credibility of financial accounting, and other reports, compliance with laws, regulations, Cabinet resolutions, and Company's policies and regulations. As well as assessing the operations according to Good Corporate Governance (GCG) and anti-corruption measures according to the principles of the Collective Action Coalition against Corruption (CAC).

In year 2019, the Audit and Corporate Governance Committee, which comprises Independent Directors with qualifications that meet the requirements advised by the Office of the Securities and Exchange Commission, gave an independent opinion on the Company's financial reports, effectiveness in operations, credibility and transparency, adequacy of its disclosure of information for related transactions, with conflict of interest, risk management procedures, internal control and internal audit. The Committee further encouraged good corporate governance, as well as monitored the Company's compliance with laws and regulations.



The Audit and Corporate Governance Committee has monitored that the Internal Audit Department has built assurance and given consulting advice independently and fairly about examining and assessing the sufficiency of the internal control system covering the processes of the performance, conformity to the law, rules, regulations, and the accuracy of information of the Company and its subsidiaries, submitting a report to the Audit Committee regularly, monitoring results of the improvement of operational processes to be more appropriate - particularly, issues that are important or related to high risks - and being reported of abnormal incidents such as corruption and malpractice in order to find causes and measures to prevent damage or reoccurrence so that it can ensure that the Company's performance has the sufficient, appropriate, and efficient internal control system as well as the risk management at a level accepted by the Company. The Company's Good Corporate Governance is also monitored in order to achieve the organization's goals of its operation

The Audit Committee and the Internal Audit Department are independent. They are assigned to perform like one of channels to receive notification of clues, complaints, or other information. Their duty assures that the Company has the process of receiving notification of clues, complaints, or other information and handles them transparently and equitably according to the good governance principle.

The Internal Audit Department has developed the internal audit system to accord with the International Standards for the Professional Practice of Internal Auditing (IIA) by utilizing the Information Technology System to help the audits and satisfaction assessment made by auditees' executives. Moreover, Self-evaluation is imposed to assess the performance quality of internal auditors in order to continuously improve efficiency and effectiveness of the Internal Audit Department and recognize actual conditions and work performance so that problems, obstacles and working limitations related to work performance can be properly analyzed. Also, the internal auditors are developed so that their knowledge, skills, and competency meet an international standard and they can conduct the auditing more efficiently by means of encouraging them to receive training such as professional practice of internal audits, knowledge of other professionalism, and taking examinations to get professional certificates, for example.

The Audit and Corporate Governance committee reviewed the Company's internal control with the internal auditor and was of the opinion that the internal control system is appropriate and efficient in terms of organization, control of environment, risk management, control activities, information and communication monitoring to achieve the Company's goals. The operations of the Company are in compliance with all applicable laws, rules and regulations.

# CONNECTED TRANSACTIONS

Company	Relations	Transactions	Value of Transactions in 2019 (M฿)	The Necessity and Reasons	Policy on future connected transactions
Maxwin Builders Limited.	<ul style="list-style-type: none"> <li>- Mr. Ishaan Shah, Director of the Company is the Director and Shareholder of Maxwin Builders Limited.</li> <li>- Mr. Kirit Shah and Mr. Khushroo Kali Wadia, the Directors of the Company are the Directors of Maxwin Builders Limited.</li> </ul>	The Company paid for hotel services.	0.2	The Company held Annual General Meeting, Other meeting and banquet services.	Service fee are compared according to general competition conditions for the utmost benefit of the Company.
Christiani and Nielsen (Cambodia) Limited.	The Subsidiary, the Company held 100% of the total shares. Mr. Khushroo Kali Wadia, Mr. Vites Ratanakorn and Mr. Surasak Osathanugraha, the Directors of the Company are the Directors of Christiiani and Nielsen (Cambodia) Limited.	The Company provide construction management to Christiiani and Nielsen (Cambodia) Limited.	2.3	Normal business transaction. The Company have the experienced construction team to support construction activities of the Subsidiary.	Share resources for the utmost benefit of the Company. The services fees are based on the market price.
Christiani and Nielsen Energy Solutions Company Limited. (CNES)	The Subsidiary, the Company is a major shareholder, holding 85% shares. Mr. Khushroo Kali Wadia and Mr. Vites Ratanakorn, the Directors of the Company are the Directors of CNES.	The Company provided consultancy services and office rental service to CNES.  CNES paid interest for on demand Loan Agreement	3.8	Normal business transaction. The Company have the experienced construction team to support construction activities of the Subsidiary.  The office lease is necessary for the operations of the Company  Loan provided for working capital in subsidiary. Interest rate is 4.00 p.a.	Share resources for the utmost benefit of the Company. Service fee are based on market price.  The company had a policy to give financial support to subsidiary
CNT Holdings Limited.	The Subsidiary, the Company is a major shareholder, holding 60% shares. Mr. Santi Grachangnetara, Mr. Khushroo Kali Wadia and Mr. Surasak Osathanugraha, the Directors of the Company are the Directors of CNT Holdings Limited.	CNT paid interest for on demand Promissory Notes  To CNT Holdings Limited.	0.7	The company loan for working capital in subsidiary. Interest rate is 2.70 – 3.00 p.a.	The company and subsidiary had a policy to give financial support in group companies.

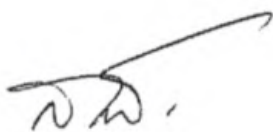
The Audit and Corporate Governance Committee has examined and reviewed the disclosure of intercompany transactions that occurred between the company and its subsidiaries. The review showed sufficient and appropriate disclosure that complied accordingly with requirement of The Securities and Exchange Commission of Thailand and the Stock Exchange of Thailand.

# REPORT OF THE BOARD OF DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL REPORT

The Company's Board of Directors is responsible for the separate financial statements and the consolidated financial statements of the Company and its subsidiaries as well as financial information presented in the Annual Reports. The said financial statements were prepared in accordance with the financial reporting standards, where an appropriate accounting policy has been selected and implemented on a regular basis and that important information is adequately disclosed in notes to the financial statements.

The Board of Directors has appointed an Audit and Corporate Governance Committee consisting of independent directors to take responsibility for the quality of financial statements and assessment of the internal control system to ensure that the record of accounting is sufficiently accurate, complete and timely, and also to prevent the occurrence of corruption or irregular operations. The Audit and Corporate Governance Committee's opinion on these matters has been stated in the Audit and Corporate Governance Committee's report published in this Annual Report.

The Board of Directors is of the opinion that the Company's internal control system on the whole is satisfactory and able to ensure that Christiani & Nielsen (Thai) Public Company Limited and its separate financial statements and the consolidated financial statements as of 31 December 2019 present fairly, in all material aspects, the financial positions, the results of operations and cash flows.



(Mr. Santi Grachangnetara)  
Chairman of the Board of Directors



(Mr. Khushroo Kali Wadia)  
Managing Director

INDEPENDENT  
AUDITOR'S REPORT  
**AND FINANCIAL  
STATEMENTS**



# INDEPENDENT AUDITOR'S REPORT

## To the Shareholders of Christiani & Nielsen (Thai) Public Company Limited

### Opinion

I have audited the accompanying consolidated financial statements of Christiani & Nielsen (Thai) Public Company Limited and its subsidiaries (“the Group”), which comprise the consolidated statement of financial position as at 31 December 2019, and the related consolidated statements of income, comprehensive income, changes in shareholders’ equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and have also audited the separate financial statements of Christiani & Nielsen (Thai) Public Company Limited (“the Company”) for the same period.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Christiani & Nielsen (Thai) Public Company Limited and its subsidiaries and of Christiani & Nielsen (Thai) Public Company Limited as at 31 December 2019, their financial performance and cash flows for the year then ended, in accordance with Thai Financial Reporting Standards.

### Basis for Opinion

I conducted my audit in accordance with Thai Standards on Auditing. My responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Group in accordance with the Code of Ethics for Professional Accountants as issued by the Federation of Accounting Professions as relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

## **Emphasis of Matter**

I draw attention to Note 4 to the financial statements that during the current year, the Company changed its accounting policies for recording land from cost model to revaluation model and measurement of the investment properties from cost model to fair value model. For the change in accounting policy regarding the measurement of the investment properties, the Company restated the consolidated and separate financial statements for the year ended 31 December 2018, presented as comparative information, to reflect the effect of the adjustments resulting from such change. The Company has also presented the consolidated and separate statements of financial position as at 1 January 2018 as comparative information, using such accounting policy. My opinion is not modified in respect of this matter.

## **Key Audit Matters**

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

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

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

### *Revenue recognition and estimation of loss relating to construction contracts*

Revenue from construction contract works is recognised as income on the basis of percentage of completion which is estimated by project engineers. The Company has disclosed its policies on revenue recognition for services provided under construction contracts and provision for loss on projects under construction contracts in Note 4.1 and Note 5 to the financial statements. Revenue from construction contract works is significant accounting transaction as the amount recognised in each period forms a significant portion of the Group's total revenues, and directly affects profit or loss of the Group. In addition, the processes to assess the percentage of completion and the probability of loss for determination of revenue and estimation of possible losses to be recognised are areas requiring the knowledge, expertise and experience of project engineers and management. I therefore consider revenue recognition and estimation of loss relating to construction contracts as key audit matter.

I examined the revenue recognition and estimation of possible loss relating to construction contracts by accessing and testing the internal controls relating to the method that the management used in estimation of the percentage of completion, recognition of revenue and cost of construction and estimation of possible loss by making enquires of responsible executives, gaining an understanding of the controls and selecting construction contracts that the Company made with customers to test the operation of the designed controls. I also read the contracts to consider the conditions relating to revenue recognition and inquired of the management about the terms and risks associated with these contracts. In addition, I selected construction contracts to review the assessment of the percentage of completion and the probability of loss by making inquiry of the management and project engineers with respect to the status of projects and had site visit of the significant projects under construction together with the Company's project engineers. I compared the percentage of completion evaluated by the project engineers with cost-to-cost method and investigated the variance of these two methods, and obtained written representation letter from the project engineers regarding the percentage of completion. I also performed analytical review of the gross margin of the construction projects to detect possible irregularities.

### *Deferred tax assets*

The Group has disclosed its accounting policy and details relating to deferred tax in Note 6.17 and Note 29 to the financial statements. A deferred tax asset is recognised when it is highly probable that the Group's taxable profit will be sufficient to allow utilisation of the deferred tax assets in the future. The determination whether there will be sufficient future taxable profit to utilise temporary differences or taxable losses requires significant management judgement with respect to preparation of business plans and projections of future taxable profit based on approved business plans. Therefore, there is risk with respect to the amount of deferred tax assets.

I gained an understanding of and tested the key related controls over the preparation and approval of the estimates of future taxable profit for the purposes of deferred tax asset recognition by making enquiry of responsible executives, gaining an understanding of the controls and selecting representative samples to test the operation of the designed controls. I assessed the estimates of future taxable profit by checking the required information and key economic assumptions used in the projections against information from both internal and external sources, with particular consideration given to information and assumptions that directly affect revenue growth and gross profit margin and compared past profit projections with actual taxable profits to assess the exercise of management judgement in estimating taxable profits. I also tested the calculation of future taxable profit based on the above information and assumptions, and considered the effects of changes to key assumptions on the projected future taxable profits, especially in respect of long-term revenue growth. In addition, I reviewed the disclosure of information regarding temporary differences and unused tax losses for which deferred tax assets were not recognised by the Group.

### **Other Information**

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

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

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with



the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated.

When I read the annual report of the Group, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance for correction of the misstatement.

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

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

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

Those charged with governance are responsible for overseeing the Group's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

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

As part of an audit in accordance with Thai Standards on Auditing, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

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

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

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

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

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



Kamontip Lertwitworatep

Certified Public Accountant (Thailand) No. 4377

EY Office Limited

Bangkok: 27 February 2020

# STATEMENTS OF FINANCIAL POSITION

As at 31 December 2019

Christiani & Nielsen (Thai) Public Company Limited and its subsidiaries

(Unit: Baht)

	Note	Consolidated financial statements			Separate financial statements		
		31 December	31 December	1 January	31 December	31 December	1 January
		2019	2018	2018	2019	2018	2018
			(Restated)		(Restated)		
<b>Assets</b>							
<b>Current assets</b>							
Cash and cash equivalents	9	181,905,921	107,550,326	123,080,118	101,326,861	32,612,141	103,446,094
Trade and other receivables	8, 10	928,733,692	1,117,444,851	1,625,359,291	928,410,801	1,106,253,142	1,618,693,953
Contract assets	11	2,540,666,346	2,001,503,754	1,468,061,286	2,538,964,241	1,992,701,228	1,468,061,286
Inventories	12	79,072,032	114,660,249	122,643,054	78,048,177	114,660,249	122,643,054
Short-term loan to related party	8	-	-	-	7,000,000	-	-
Current portion of long-term loans to related parties	8	763,583	-	-	-	-	-
Advance payments to subcontractors		386,132,475	151,769,318	220,118,329	384,088,020	149,216,619	218,604,959
Withholding tax deducted at source		374,914,475	572,845,402	635,537,063	374,500,477	572,135,235	594,257,284
Other current assets	13	57,825,449	9,831,511	9,881,551	57,351,772	8,817,111	9,302,422
<b>Total current assets</b>		<b>4,550,013,973</b>	<b>4,075,605,411</b>	<b>4,204,680,692</b>	<b>4,469,690,349</b>	<b>3,976,395,725</b>	<b>4,135,009,052</b>
<b>Non-current assets</b>							
Restricted bank deposits and investments	14	14,815,017	26,324,458	36,010,882	14,815,017	26,324,458	36,010,882
Investments in subsidiaries	15	-	-	-	58,723,866	47,179,866	44,267,866
Other long-term investments	16	104,950,000	104,950,000	1,000,000	104,950,000	104,950,000	1,000,000
Investment properties	17	237,476,400	206,796,933	139,042,900	237,476,400	206,796,933	139,042,900
Property, plant and equipment	18	1,788,489,771	1,260,535,764	1,352,086,109	1,784,849,462	1,256,551,506	1,351,105,408
Intangible assets	19	25,700,721	19,854,753	18,425,306	25,656,231	19,840,713	18,403,280
Deferred tax assets	29	-	80,353,698	110,951,649	-	80,353,698	110,918,249
<b>Total non-current assets</b>		<b>2,171,431,909</b>	<b>1,698,815,606</b>	<b>1,657,516,846</b>	<b>2,226,470,976</b>	<b>1,741,997,174</b>	<b>1,700,748,585</b>
<b>Total assets</b>		<b>6,721,445,882</b>	<b>5,774,421,017</b>	<b>5,862,197,538</b>	<b>6,696,161,325</b>	<b>5,718,392,899</b>	<b>5,835,757,637</b>

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

# STATEMENTS OF FINANCIAL POSITION (CONTINUED)

As at 31 December 2019  
 Christiani & Nielsen (Thai) Public Company Limited and its subsidiaries

(Unit: Baht)

	Note	Consolidated financial statements			Separate financial statements		
		31 December	31 December	1 January	31 December	31 December	1 January
		2019	2018	2018	2019	2018	2018
			(Restated)		(Restated)		
<b>Liabilities and shareholders' equity</b>							
<b>Current liabilities</b>							
Bank overdraft and short-term loans from							
financial institutions	20	401,454,024	-	-	400,000,000	-	-
Trade and other payables	8, 21	1,908,387,504	1,972,825,039	2,204,578,137	1,897,118,384	1,949,624,182	2,195,130,997
Current portion of liabilities under							
finance lease agreements	22	136,301,915	129,767,215	115,093,825	136,301,915	129,767,215	115,093,825
Current portion of long-term loans	23	38,400,000	29,560,000	58,800,000	38,400,000	29,560,000	58,800,000
Contract liabilities	11	1,546,674,546	1,401,731,046	715,725,895	1,544,583,822	1,401,731,046	715,725,895
Short-term provisions		194,131,485	243,701,220	291,440,000	192,983,000	238,730,000	291,273,000
Other current liabilities		39,828,317	77,800,334	60,678,202	39,699,007	77,626,874	60,289,452
<b>Total current liabilities</b>		<b>4,265,177,791</b>	<b>3,855,384,854</b>	<b>3,446,316,059</b>	<b>4,249,086,128</b>	<b>3,827,039,317</b>	<b>3,436,313,169</b>
<b>Non-current liabilities</b>							
Liabilities under finance lease agreements -							
net of current portion	22	159,231,366	192,695,021	245,043,534	159,231,366	192,695,021	245,043,534
Long-term loans - net of current portion	23	-	38,400,000	67,960,000	-	38,400,000	67,960,000
Provision for long-term employee benefits	24	162,165,445	124,243,531	119,696,000	162,165,445	124,243,531	119,696,000
Deferred tax liabilities	29	48,093,530	-	-	48,093,530	-	-
<b>Total non-current liabilities</b>		<b>369,490,341</b>	<b>355,338,552</b>	<b>432,699,534</b>	<b>369,490,341</b>	<b>355,338,552</b>	<b>432,699,534</b>
<b>Total liabilities</b>		<b>4,634,668,132</b>	<b>4,210,723,406</b>	<b>3,879,015,593</b>	<b>4,618,576,469</b>	<b>4,182,377,869</b>	<b>3,869,012,703</b>

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

# STATEMENTS OF FINANCIAL POSITION (CONTINUED)

As at 31 December 2019

Christiani & Nielsen (Thai) Public Company Limited and its subsidiaries

(Unit: Baht)

	Consolidated financial statements			Separate financial statements		
	31 December	31 December	1 January	31 December	31 December	1 January
	Note	2019	2018	2018	2019	2018
			(Restated)		(Restated)	
<b>Shareholders' equity</b>						
Share capital	25					
Registered						
1,102,904,144 ordinary shares of Baht 1 each		1,102,904,144	1,102,904,144	1,102,904,144	1,102,904,144	1,102,904,144
Issued and fully paid up						
1,027,904,144 ordinary shares of Baht 1 each		1,027,904,144	1,027,904,144	1,027,904,144	1,027,904,144	1,027,904,144
Share premium		100,000,000	100,000,000	100,000,000	100,000,000	100,000,000
Retained earnings						
Appropriated - statutory reserve	27	95,286,400	90,786,400	90,786,400	89,226,400	89,226,400
Unappropriated		282,465,997	212,811,224	630,415,632	298,563,894	727,924,840
Other components of shareholders' equity		469,595,424	19,521,469	21,129,107	471,824,994	21,689,550
Premium on sales of investment in subsidiary		21,431,362	21,431,362	21,431,362	-	-
Premium on sales of own shares held by subsidiary		68,924,184	68,924,184	68,924,184	-	-
<b>Equity attributable to owners of the Company</b>		<b>2,065,607,511</b>	<b>1,541,378,783</b>	<b>1,960,590,829</b>	<b>2,077,584,856</b>	<b>1,966,744,934</b>
Non-controlling interests of the subsidiaries		21,170,239	22,318,828	22,591,116	-	-
<b>Total shareholders' equity</b>		<b>2,086,777,750</b>	<b>1,563,697,611</b>	<b>1,983,181,945</b>	<b>2,077,584,856</b>	<b>1,966,744,934</b>
<b>Total liabilities and shareholders' equity</b>		<b>6,721,445,882</b>	<b>5,774,421,017</b>	<b>5,862,197,538</b>	<b>6,696,161,325</b>	<b>5,835,757,637</b>

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

# INCOME STATEMENTS

For the year ended 31 December 2019  
Christiani & Nielsen (Thai) Public Company Limited and its subsidiaries

		(Unit: Baht)			
		Consolidated financial statements		Separate financial statements	
Note		2019	2018 (Restated)	2019	2018 (Restated)
<b>Revenues</b>					
	Construction income	7,239,527,154	7,123,364,847	7,220,219,332	6,949,438,965
	Revenue from sales and services	730,000	-	-	-
	Interest income	8,567,168	10,575,872	8,173,658	10,245,961
	Reversal of allowance for doubtful accounts	64,222,530	-	64,222,530	-
	Gain from change in fair value of investment properties	30,723,342	67,754,033	30,723,342	67,754,033
	Other income	4,088,406	1,969,205	10,092,528	8,877,476
	<b>Total revenues</b>	<b>7,347,858,600</b>	<b>7,203,663,957</b>	<b>7,333,431,390</b>	<b>7,036,316,435</b>
<b>Expenses</b>					
	Costs of construction	6,911,142,173	6,949,132,997	6,901,356,501	6,806,580,449
	Cost of sales and services	574,344	-	-	-
	Administrative expenses	329,341,284	353,571,567	305,553,755	345,878,841
	Doubtful accounts	-	213,179,666	-	213,179,666
	Other expenses	-	-	-	400,000
	<b>Total expenses</b>	<b>7,241,057,801</b>	<b>7,515,884,230</b>	<b>7,206,910,256</b>	<b>7,366,038,956</b>
<b>Profit (loss) before financial cost and income tax expenses</b>					
	Finance cost	(21,505,021)	(20,693,016)	(22,209,671)	(20,134,333)
	<b>Profit (loss) before income tax expenses</b>	<b>85,295,778</b>	<b>(332,913,289)</b>	<b>104,311,463</b>	<b>(349,856,854)</b>
	Income tax expenses	(14,849,665)	(35,806,780)	(15,306,110)	(30,347,465)
	<b>Profit (loss) for the year</b>	<b>70,446,113</b>	<b>(368,720,069)</b>	<b>89,005,353</b>	<b>(380,204,319)</b>
<b>Profit (loss) attributable to:</b>					
	Equity holders of the Company	73,094,702	(368,447,781)	89,005,353	(380,204,319)
	Non-controlling interests of the subsidiaries	(2,648,589)	(272,288)	-	-
		<b>70,446,113</b>	<b>(368,720,069)</b>	<b>89,005,353</b>	<b>(380,204,319)</b>
<b>Earnings (loss) per share</b>					
	Basic earnings (loss) per share				
	Profit (loss) attributable to equity holders of the Company	0.07	(0.36)	0.09	(0.37)
	Weighted average number of ordinary shares (shares)	1,027,904,144	1,027,904,144	1,027,904,144	1,027,904,144

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

# STATEMENTS OF COMPREHENSIVE INCOME

For the year ended 31 December 2019  
 Christiani & Nielsen (Thai) Public Company Limited and its subsidiaries

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2019	2018 (Restated)	2019	2018 (Restated)
<b>Profit (loss) for the year</b>		<u>70,446,113</u>	<u>(368,720,069)</u>	<u>89,005,353</u>	<u>(380,204,319)</u>
<b>Other comprehensive income:</b>					
<i>Other comprehensive income to be reclassified</i>					
<i>to profit or loss in subsequent periods:</i>					
Exchange differences on translation of financial statements in foreign currency		<u>(1,430,447)</u>	<u>(238,680)</u>	<u>-</u>	<u>-</u>
Other comprehensive income to be reclassified to profit or loss in subsequent periods		<u>(1,430,447)</u>	<u>(238,680)</u>	<u>-</u>	<u>-</u>
<i>Other comprehensive income not to be reclassified</i>					
<i>to profit or loss in subsequent periods</i>					
Revaluation surplus on assets	26	565,705,591	-	565,705,591	-
Actuarial gain	24	-	1,085,430	-	1,085,430
Less: Income tax effect	29	<u>(113,141,118)</u>	<u>(217,086)</u>	<u>(113,141,118)</u>	<u>(217,086)</u>
Other comprehensive income not to be reclassified to profit or loss in subsequent periods - net of income tax		<u>452,564,473</u>	<u>868,344</u>	<u>452,564,473</u>	<u>868,344</u>
<b>Other comprehensive income for the year</b>		<u>451,134,026</u>	<u>629,664</u>	<u>452,564,473</u>	<u>868,344</u>
<b>Total comprehensive income for the year</b>		<u><u>521,580,139</u></u>	<u><u>(368,090,405)</u></u>	<u><u>541,569,826</u></u>	<u><u>(379,335,975)</u></u>
<b>Total comprehensive income attributable to:</b>					
Equity holders of the Company		524,228,728	(367,818,117)	<u>541,569,826</u>	<u>(379,335,975)</u>
Non-controlling interests of the subsidiaries		<u>(2,648,589)</u>	<u>(272,288)</u>		
		<u><u>521,580,139</u></u>	<u><u>(368,090,405)</u></u>		

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



# STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

For the year ended 31 December 2019  
Christiani & Nielsen (Thai) Public Company Limited and its subsidiaries

(Unit: Baht)

Consolidated financial statements															
Equity attributable to owners of the Company															
Note	Issued and paid-up share capital	Share premium	Retained earnings		Unappropriated statutory reserve	Unappropriated -	Revaluation surplus on assets	Revaluation of financial statements in foreign currency	Exchange differences on translation of financial statements	Total other components of shareholders' equity	Premium on sales of investment in subsidiary	Premium on sales of own shares held by subsidiary	Total equity attributable to owners of the Company	Equity attributable to non-controlling interests of the subsidiaries	Total shareholders' equity
			Appropriated -	Unappropriated											
	1,027,904,144	100,000,000	90,786,400	581,051,231	(560,443)	21,689,550	21,129,107	21,431,362	68,924,184	1,911,226,428	22,591,116	1,933,817,544		1,933,817,544	
4	-	-	-	49,364,401	-	-	-	-	-	49,364,401	-	-	49,364,401	-	49,364,401
	1,027,904,144	100,000,000	90,786,400	630,415,632	(560,443)	21,689,550	21,129,107	21,431,362	68,924,184	1,960,590,829	22,591,116	1,983,181,945		1,983,181,945	
	-	-	-	(368,447,781)	-	-	-	-	-	(368,447,781)	-	-	(368,447,781)	(272,288)	(368,720,069)
	-	-	-	868,344	(238,680)	-	(238,680)	-	-	629,664	-	-	629,664	-	629,664
	-	-	-	(367,579,437)	(238,680)	-	(238,680)	-	-	(367,818,117)	-	-	(367,818,117)	(272,288)	(368,090,405)
31	-	-	-	(51,393,929)	-	-	-	-	-	(51,393,929)	-	-	(51,393,929)	-	(51,393,929)
	-	-	-	1,368,958	-	(1,368,958)	(1,368,958)	-	-	-	-	-	-	-	-
	1,027,904,144	100,000,000	90,786,400	212,811,224	(798,123)	20,320,592	19,521,469	21,431,362	68,924,184	1,541,378,783	22,318,828	1,563,697,611		1,563,697,611	
	1,027,904,144	100,000,000	90,786,400	108,824,756	(798,123)	20,320,592	19,521,469	21,431,362	68,924,184	1,437,392,315	22,318,828	1,459,711,143		1,459,711,143	
4	-	-	-	103,986,468	-	-	-	-	-	103,986,468	-	-	103,986,468	-	103,986,468
	1,027,904,144	100,000,000	90,786,400	212,811,224	(798,123)	20,320,592	19,521,469	21,431,362	68,924,184	1,541,378,783	22,318,828	1,563,697,611		1,563,697,611	
	-	-	-	73,094,702	-	-	-	-	-	73,094,702	-	-	73,094,702	(2,648,589)	70,446,113
	-	-	-	(1,430,447)	(1,430,447)	452,564,473	451,134,026	-	-	451,134,026	-	-	451,134,026	-	451,134,026
	-	-	-	73,094,702	(1,430,447)	452,564,473	451,134,026	-	-	524,228,728	(2,648,589)	-	521,580,139		521,580,139
27	-	-	4,500,000	(4,500,000)	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	1,060,071	(1,060,071)	(1,060,071)	-	-	-	-	-	-	-	-	-
	1,027,904,144	100,000,000	95,286,400	282,465,997	(2,229,570)	471,824,984	469,595,424	21,431,362	68,924,184	2,065,607,511	21,170,239	2,086,777,750		2,086,777,750	

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

# STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (CONTINUED)

For the year ended 31 December 2019  
Christiani & Nielsen (Thai) Public Company Limited and its subsidiaries

(Unit: Baht)

	Separate financial statements									
	Note	Issued and paid up share capital	Share premium	Retained earnings			Other comprehensive income		Total components of shareholders' equity	Total shareholders' equity
				Appropriated - statutory reserve	Unappropriated	Revaluation surplus on assets	Total other components of shareholders' equity			
								Balance as at 31 December 2017 - as previously reported		
		1,027,904,144	100,000,000	89,226,400	678,560,439	21,689,550	21,689,550	21,689,550	1,917,380,533	
	4	1,027,904,144	100,000,000	89,226,400	727,924,840	21,689,550	21,689,550	21,689,550	1,966,744,934	
Loss for the year (restated)		-	-	-	(380,204,319)	-	-	-	(380,204,319)	
Other comprehensive income for the year		-	-	-	868,344	-	-	-	868,344	
Total comprehensive income for the year		-	-	-	(379,335,975)	-	-	-	(379,335,975)	
Dividend paid	31	-	-	-	(51,393,929)	-	-	-	(51,393,929)	
Transferred to retained earnings		-	-	-	1,368,958	(1,368,958)	(1,368,958)	(1,368,958)	-	
<b>Balance as at 31 December 2018 - as restated</b>		<b>1,027,904,144</b>	<b>100,000,000</b>	<b>89,226,400</b>	<b>298,563,894</b>	<b>20,320,592</b>	<b>20,320,592</b>	<b>20,320,592</b>	<b>1,536,015,030</b>	
<b>Balance as at 31 December 2018 - as previously reported</b>		<b>1,027,904,144</b>	<b>100,000,000</b>	<b>89,226,400</b>	<b>194,577,426</b>	<b>20,320,592</b>	<b>20,320,592</b>	<b>20,320,592</b>	<b>1,432,028,562</b>	
Cumulative effect of change in accounting policy for measurement of the investment properties	4	-	-	-	103,986,468	-	-	-	103,986,468	
<b>Balance as at 31 December 2018 - as restated</b>		<b>1,027,904,144</b>	<b>100,000,000</b>	<b>89,226,400</b>	<b>298,563,894</b>	<b>20,320,592</b>	<b>20,320,592</b>	<b>20,320,592</b>	<b>1,536,015,030</b>	
Loss for the year		-	-	-	89,005,353	-	-	-	89,005,353	
Other comprehensive income for the year		-	-	-	-	452,564,473	452,564,473	452,564,473	452,564,473	
Total comprehensive income for the year		-	-	-	89,005,353	452,564,473	452,564,473	452,564,473	541,569,826	
Unappropriated retained earnings transferred to statutory reserve	27	-	-	4,500,000	(4,500,000)	-	-	-	-	
Transferred to retained earnings		-	-	-	1,060,071	(1,060,071)	(1,060,071)	(1,060,071)	-	
<b>Balance as at 31 December 2019</b>		<b>1,027,904,144</b>	<b>100,000,000</b>	<b>93,726,400</b>	<b>384,129,318</b>	<b>471,824,994</b>	<b>471,824,994</b>	<b>471,824,994</b>	<b>2,077,584,856</b>	

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

# CASH FLOW STATEMENTS

For the year ended 31 December 2019  
Christiani & Nielsen (Thai) Public Company Limited and its subsidiaries

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018 (Restated)	2019	2018 (Restated)
<b>Cash flows from operating activities</b>				
Profit (loss) before tax	85,295,778	(332,913,289)	104,311,463	(349,856,854)
Adjustments to reconcile profit (loss) before tax to net cash provided by (paid from) operating activities				
Depreciation and amortisation	216,328,847	224,985,711	214,779,328	224,194,417
Allowance for doubtful accounts and bad debts (reversal)	(64,222,530)	213,179,666	(64,222,530)	213,179,666
Allowance for impairment loss of investment in subsidiary	-	-	-	400,000
Allowance for impairment loss of assets	2,781,149	-	2,781,149	-
Loss on disposals/write off of equipment	217,012	1,973,016	217,012	1,830,036
Loss on disposals of intangible assets	74,406	-	74,406	-
Gain on disposals investment properties	(236,549)	-	(236,549)	-
Allowance for diminution in inventory value	1,567,000	698,300	1,567,000	698,300
Write back other payables and other current liabilities	-	77,530	-	77,530
Reversal of estimated expenses for construction projects	(49,569,735)	(47,738,780)	(45,747,000)	(52,543,000)
Provision for long-term employee benefits	48,846,914	8,643,961	48,846,914	8,643,961
Gain from changes in fair value of investment properties	(30,723,342)	(67,754,033)	(30,723,342)	(67,754,033)
Unrealised loss on exchange rate	233,886	16,340	233,886	16,340
Interest income	(8,567,168)	(10,575,872)	(8,173,658)	(10,245,961)
Interest expenses	18,331,566	17,500,959	19,072,835	16,964,746
Profit (loss) from operating activities before changes in operating assets and liabilities	220,357,234	8,093,509	242,780,914	(14,394,852)
Operating assets (increase) decrease				
Trade and other receivables	252,744,731	294,534,605	241,961,173	299,060,976
Contract assets	(539,162,592)	(533,442,468)	(546,263,013)	(524,639,942)
Inventories	34,021,217	7,284,505	35,045,072	7,284,505
Advance payments to subcontractors	(234,363,157)	68,349,011	(234,871,401)	69,388,340
Other current assets	(47,993,938)	50,040	(48,534,661)	485,311
Operating liabilities increase (decrease)				
Trade and other payables	(64,385,548)	(236,725,660)	(52,453,811)	(246,502,797)
Contract liabilities	144,943,500	686,005,151	142,852,776	686,005,151
Other current liabilities	(29,317,601)	22,500,009	(29,273,451)	22,715,299
Provision for long-term employee benefits	(10,925,000)	(3,011,000)	(10,925,000)	(3,011,000)
Cash from (used in) operating activities	(274,081,154)	313,637,702	(259,681,402)	296,390,991
Interest income	8,499,710	10,759,701	8,020,940	10,429,790
Cash paid for interest expenses	(9,610,255)	(6,900,103)	(10,351,524)	(6,363,890)
Refund of withholding tax deducted at source	382,053,299	254,169,794	381,520,169	213,430,936
Cash paid for income tax	(183,665,927)	(192,927,468)	(183,885,411)	(191,308,887)
<b>Net cash from (used in) operating activities</b>	<b>(76,804,327)</b>	<b>378,739,626</b>	<b>(64,377,228)</b>	<b>322,578,940</b>

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

# CASH FLOW STATEMENTS (CONTINUED)

For the year ended 31 December 2019  
Christiani & Nielsen (Thai) Public Company Limited and its subsidiaries

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018 (Restated)	2019	2018 (Restated)
<b>Cash flows from investing activities</b>				
Increase in short-term loan to related party	-	-	(7,000,000)	-
Increase in long-term loans to related parties	(763,583)	-	-	-
Decrease in restricted bank deposits and investments	11,509,441	9,686,424	11,509,441	9,686,424
Increase in investment in subsidiary	-	-	(11,544,000)	(3,312,000)
Increase in other long-term investment	-	(103,950,000)	-	(103,950,000)
Cash paid for acquisitions of property, plant and equipment	(90,330,171)	(66,280,664)	(88,936,691)	(63,555,297)
Proceeds from disposals of plant and equipment	4,835,133	4,305,277	4,835,133	5,538,442
Proceeds from disposals of investment properties	162,377	-	162,377	-
Cash paid for intangible assets	(7,990,846)	(2,921,883)	(7,951,846)	(2,921,883)
<b>Net cash used in investing activities</b>	<b>(82,577,649)</b>	<b>(159,160,846)</b>	<b>(98,925,586)</b>	<b>(158,514,314)</b>
<b>Cash flows from financing activities</b>				
Increase in bank overdraft and short-term loans				
from financial institutions	401,454,024	-	400,000,000	-
Cash paid for liabilities under financial lease agreements	(138,422,466)	(125,845,868)	(138,422,466)	(125,845,868)
Cash paid for long-term loans	(29,560,000)	(58,800,000)	(29,560,000)	(58,800,000)
Dividend paid	-	(50,252,711)	-	(50,252,711)
Cash received from non-controlling interest of subsidiary	1,500,000	-	-	-
<b>Net cash from (used in) financing activities</b>	<b>234,971,558</b>	<b>(234,898,579)</b>	<b>232,017,534</b>	<b>(234,898,579)</b>
<b>Decrease in translation adjustments</b>	<b>(1,233,987)</b>	<b>(209,993)</b>	<b>-</b>	<b>-</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>74,355,595</b>	<b>(15,529,792)</b>	<b>68,714,720</b>	<b>(70,833,953)</b>
Cash and cash equivalents at beginning of year	107,550,326	123,080,118	32,612,141	103,446,094
<b>Cash and cash equivalents at end of year (Note 9)</b>	<b>181,905,921</b>	<b>107,550,326</b>	<b>101,326,861</b>	<b>32,612,141</b>
<b>Supplemental disclosure of cash flows information</b>				
Non-cash transactions				
Assets acquired under finance lease agreements	94,206,374	71,969,246	94,206,374	71,969,246
Revaluation surplus on assets	565,705,591	-	565,705,591	-
Dividend payable	-	1,141,218	-	1,141,218

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

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2019  
Christiani & Nielsen (Thai) Public Company Limited and its subsidiaries

## 1. General information

Christiani & Nielsen (Thai) Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. The major shareholder of the Company is Globex Corporation Limited, which was also incorporated in Thailand. The Company is principally engaged in the provision of construction services. The registered office of the Company is at 727, La Salle Road, Kwaeng Bangna Tai, Khet Bangna, Bangkok.

## 2. Basis of preparation

2.1 The financial statements have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Professions Act B.E. 2547 and their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 11 October 2016, issued under the Accounting Act B.E. 2543.

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

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

### 2.2 Basis of consolidation

a) The consolidated financial statements include the financial statements of Christiani & Nielsen (Thai) Public Company Limited (“the Company”) and the following subsidiary companies (“the subsidiaries”):

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			2019 Percent	2018 Percent
<b>Subsidiaries (held by the Company)</b>				
CNT Holdings Limited	Construction business	Thailand	60	60
Christiani & Nielsen (Myanmar) Limited	Construction business	Myanmar	100	100
Christiani & Nielsen (Cambodia) Co., Ltd.	Construction business	Cambodia	100	100
Christiani & Nielsen Energy Solutions Company Limited	Provision of services for energy solutions in solar, wind and other renewable energy sectors	Thailand	85	-

- b) The Company is deemed to have control over an investee or subsidiaries if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns.
- c) Subsidiaries are fully consolidated as from being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.
- d) The financial statements of the subsidiaries are prepared using the same significant accounting policies as the Company.
- e) The assets and liabilities in the financial statements of overseas subsidiary company are translated to Baht using the exchange rate prevailing on the end of reporting period, and revenues and expenses translated using monthly average exchange rates. The resulting differences are shown under the caption of “Exchange differences on translation of financial statements in foreign currency” in the statements of changes in shareholders’ equity.
- f) Material balances and transactions between the Group have been eliminated from the consolidated financial statements.
- g) Non-controlling interests represent the portion of profit or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated income statement and within equity in the consolidated statement of financial position.

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

### **3. New financial reporting standards**

#### **(a) Financial reporting standards that became effective in the current year**

During the period, the Group has adopted the revised (revised 2018) and new financial reporting standards and interpretations which are effective for fiscal years beginning on or after 1 January 2019. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards. The adoption of these financial reporting standards does not have any significant impact on the Company’s and its subsidiaries’ financial statements. However, the new standard involves changes to key principles, which are summarised below.

## TFRS 15 Revenue from Contracts with Customers

TFRS 15 supersedes the following accounting standards together with related interpretations.

TAS 11 (revised 2017)	Construction Contracts
TAS 18 (revised 2017)	Revenue
TSIC 31 (revised 2017)	Revenue - Barter Transactions Involving Advertising Services
TFRIC 13 (revised 2017)	Customer Loyalty Programmes
TFRIC 15 (revised 2017)	Agreements for the Construction of Real Estate
TFRIC 18 (revised 2017)	Transfers of Assets from Customers

Entities are to apply this standard to all contracts with customers unless those contracts fall within the scope of other standards. The standard establishes a five-step model to account for revenue arising from contracts with customers, with revenue being recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model.

This standard does not have any significant impact on the Group's financial statements, except the reclassification of certain amounts in the statements of financial position as at 31 December 2018 to conform to the defined terms under TFRS 15, which are summarised below.

	Consolidated		(Unit: Thousand Baht) Separate	
	financial statements		financial statements	
	As reclassified	As previously reported	As reclassified	As previously reported
Trade and other receivables	1,117,445	1,687,542	1,106,253	1,667,547
Contract assets	2,001,504	-	1,992,701	-
Unbilled receivables	-	1,431,407	-	1,431,407
Contract liabilities	1,401,731	-	1,401,731	-
Advances received from customers and construction revenue received in advance	-	1,401,731	-	1,401,731

**(b) Financial reporting standards that will become effective for fiscal years beginning on or after 1 January 2020**

The Federation of Accounting Professions issued a number of new and revised financial reporting standards and interpretations, which are effective for fiscal years beginning on or after 1 January 2020. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards except the following new standards which involve changes to key principles, which are summarised below.

**Financial reporting standards related to financial instruments**

A set of TFRSs related to financial instruments consists of five accounting standards and interpretations, as follows:

Financial Reporting Standards:

TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments

Accounting Standard:

TAS 32	Financial Instruments: Presentation
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Financial Reporting Standard Interpretations:

TFRIC 16	Hedges of a Net Investment in a Foreign Operation
TFRIC 19	Extinguishing Financial Liabilities with Equity Instruments

These TFRSs related to financial instruments make stipulations relating to the classification of financial instruments and their measurement at fair value or amortised cost (taking into account the type of instrument, the characteristics of the contractual cash flows and the Company's business model), calculation of impairment using the expected credit loss method, and hedge accounting. These include stipulations regarding the presentation and disclosure of financial instruments. When the TFRSs related to financial instruments are effective, some accounting standards, interpretations and guidance which are currently effective will be cancelled.



The management of the Group expects the adoption of these accounting standards to result in the following adjustments.

- Classification and measurement of investments in equity instruments of non-listed companies - The Group is to measure investments in equity instruments of non-listed companies at fair value and to classify the investments as financial assets at fair value, through either profit or loss or through other comprehensive income. If the Group elects to present subsequent changes in the fair value of the investment through other comprehensive income, the election is irrevocable.
- Recognition of credit losses - The Group is to recognise an allowance for expected credit losses on its financial assets, and it is no longer necessary for a credit-impaired event to have occurred. The Group applies the simplified approach to consider impairment of trade receivables.

The management of the Group is currently evaluating the impact of these standards on the financial statements in the year when they are adopted.

#### **TFRS 16 Leases**

TFRS 16 supersedes TAS 17 Leases together with related Interpretations. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases, and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is low value.

Accounting by lessors under TFRS 16 is substantially unchanged from TAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles to those used under TAS 17.

The Group plans to adopt TFRS 16 using the modified retrospective method of adoption of which the cumulative effect is recognised as an adjustment to the retained earnings as at 1 January 2020, and the comparative information was not restated.

The management of the Group expects the effect of the adoption of this accounting standard to the statement of financial position as at 1 January 2020 to be to increase the Group's assets by approximately Baht 21 million (the Company only: approximately Baht 15 million) and the Group's liabilities by approximately Baht 21 million (the Company only: approximately Baht 15 million).

#### 4. Changes in accounting policies

During the current year, the Company changed its accounting policies for recording land from cost model to revaluation model and measurement of the investment properties from cost model to fair value model in order to reflect market prices of land and investment properties. For the change in accounting policy regarding the measurement of the investment properties, the Company restated the prior year's financial statements, presented as comparative information, as though it had initially applied this accounting policy and had recognised gains or losses arising from change in fair value of investment properties in the income statement. The cumulative effect of this change in accounting policy has been separately presented in the statements of changes in shareholders' equity.

The amounts of adjustments affecting the statements of financial position and the income statements are summarised below.

	(Unit: Thousand Baht)	
	Consolidated and Separate financial statements	
	As at 31 December 2018	As at 1 January 2018
<b>Statements of financial position</b>		
Increase in investment properties	129,878	61,705
Increase in deferred tax liabilities	25,892	12,341
Increase in unappropriated retained earnings	103,986	49,364
		(Unit: Thousand Baht)
		Consolidated and Separate financial statements
		Loss for the year ended 31 December 2018
		Decrease (increase)
<b>Income statements</b>		
Increase in gain on change in fair value of investment properties		67,754
Decrease in depreciation in administrative expenses		419
Increase in income tax expenses		(13,551)
<b>Loss for the year</b>		54,622
Decrease in basic loss per share (Baht)		0.05

## 5. Change in accounting estimates

During the current year, the Company changed its accounting estimates with respect to the useful lives of buildings from 20 years to 20 years and 50 years. The management of the Company believes that the new useful lives of assets are more appropriate and consistent with their expected economic benefits provided to the Company.

The Company applied the change in accounting estimates prospectively.

The effects of the changes to the statements of financial position and the statements of income and comprehensive income are summarised below.

	(Unit: Thousand Baht) Consolidated and Separate financial statements
	<u>As at 31 December 2019</u>
<b>Statements of financial position</b>	
Increase in property, plant and equipment	9,029

	(Unit: Thousand Baht) Consolidated and Separate financial statements
	<u>For the year ended 31 December 2019</u>
<b>Income statements</b>	
<i>Profit increase</i>	
Decrease in depreciation in cost of construction	3,629
Decrease in depreciation in administrative expenses	5,400
Increase in basic earnings per share (Baht)	0.005

### Statements of comprehensive income

#### Other comprehensive income:

Increase in revaluation surplus on assets	654
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## **6. Significant accounting policies**

### **6.1 Revenue recognition**

#### *Construction income*

The Group determines that its construction contracts generally have one performance obligation. The Group recognises construction revenue over time where the stage of completion is measured using an output method, which is based on percentage of completion estimated by project engineers.

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

#### *Sales of goods*

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

#### *Rendering of services*

Service revenue is recognised over time when services have been rendered taking into account the stage of completion, measuring based on information provided by the project managers.

#### *Interest income*

Interest income is recognised on an accrual basis based on the effective interest rate.

#### *Dividends*

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

### **6.2 Cost of construction**

Cost of construction comprises the costs of materials, labour, subcontractors' charges, other services and overheads, which are recognised on the percentage of completion method.

### **6.3 Cash and cash equivalents**

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

#### **6.4 Trade accounts receivable**

Trade accounts receivable are stated at the net realisable value. Allowance for doubtful accounts is provided for the estimated losses that may be incurred in collection of receivables. The allowance is generally based on collection experiences and analysis of debt aging.

#### **6.5 Contract assets and contract liabilities**

A contract asset is the right to consideration in exchange for goods or services transferred to the customer when that right is conditional. If the Group transfers goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the right to consideration that is conditional. In the case of the construction contracts, a contract asset is the excess of cumulative revenue earned over the billings to date. A contract asset is stated at cost less accumulated impairment (if any). Contract assets are transferred to receivables when the rights become unconditional (i.e. services are completed and delivered to customer).

A contract liability is the obligation to transfer goods and services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. In the case of the construction contracts, a contract liability is the excess of the billings to date over the cumulative revenue earned. Contract liabilities are recognised as revenue when the Group fulfils its performance obligations under the contracts.

#### **6.6 Inventories**

Inventories, which comprise construction materials and spare parts, are valued at the lower of average cost and net realisable value.

Construction materials are charged to project costs whenever consumed.

Allowance for diminution in inventory value is made for deteriorated inventories.

#### **6.7 Investments**

- a) Investments in debt securities, both due within one year and expected to be held to maturity, are recorded at amortised cost. The premium/discount on debt securities is amortised/accreted by the effective rate method with the amortised/accreted amount presented as an adjustment to the interest income.
- b) Investments in non-marketable equity securities, which the Company classifies as other investments, are stated at cost net of allowance for impairment loss (if any).
- c) Investments in subsidiaries are accounted for in the separate financial statements at cost net of allowance for impairment loss (if any).

The weighted average method is used for computation of the cost of investments.

On disposal of an investment, the difference between net disposal proceeds and the carrying amount of the investment is recognised in the income statement.

## **6.8 Investment properties**

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value. Any gains or losses arising from changes in the value of investment properties are recognised in the income statement when incurred.

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

## **6.9 Property, plant and equipment and depreciation**

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

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

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

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

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

Buildings	-	20 and 50	years
Land improvements	-	5	years
Construction machinery and equipment	-	2 - 10	years
Furniture, fixtures and equipment	-	3 - 6	years
Motor vehicles	-	3 - 6	years

Depreciation is included in determining income. No depreciation is provided on land and assets under construction and installation.

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

#### **6.10 Intangible assets and amortisation**

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

Intangible assets with finite lives are amortised on a systematic basis over the economic useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method of such intangible assets are reviewed at least at each financial year end. The amortisation expense is charged to the income statement.

Intangible asset with finite useful lives which is computer software has the estimated economic useful lives of 5 years and 10 years.

#### **6.11 Related party transactions**

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

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

## **6.12 Long-term leases**

Leases of property, plant or equipment which transfer substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lower of the fair value of the leased assets and the present value of the minimum lease payments. The outstanding rental obligations, net of finance charges, are included in long-term payables, while the interest element is charged to the income statement over the lease period. The assets acquired under finance leases are depreciated over the useful life of the asset.

Leases of property, plant or equipment which do not transfer substantially all the risks and rewards of ownership are classified as operating leases. Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term.

## **6.13 Foreign currencies**

The consolidated and separate financial statements are presented in Baht, which is also the Company's functional currency. Items of each entity included in the consolidated financial statements are measured using the functional currency of that entity.

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

Gains and losses on exchange are included in determining income.

## **6.14 Impairment of assets**

At the end of each reporting period, the Company performs impairment reviews in respect of the property, plant and equipment whenever events or changes in circumstances indicate that an asset may be impaired. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount.

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



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

## **6.15 Employee benefits**

### **Short-term employee benefits**

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

### **Post-employment benefits**

#### *Defined contribution plans*

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

#### *Defined benefit plans*

The Group has obligations in respect of the severance payments they must make to employees upon retirement under labor law. The Group treats these severance payment obligations as a defined benefit plan.

The obligation under the defined benefit plan is determined by a professionally qualified independent actuary based on actuarial techniques, using the projected unit credit method.

Actuarial gains and losses arising from post-employment benefits are recognised immediately in other comprehensive income.

Past service costs are recognised in the income statement on the earlier of the date of the plan amendment or curtailment and the date that the restructuring-related costs are recognised.

## 6.16 Provisions

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

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

## 6.17 Income tax

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

### Current tax

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

### Deferred tax

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

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

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

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

## 6.18 Fair value measurement

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

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

Level 1 Use of quoted market prices in an observable active market for such assets or liabilities

Level 2 Use of other observable inputs for such assets or liabilities, whether directly or indirectly

Level 3 Use of unobservable inputs such as estimates of future cash flows

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

## 7. Significant accounting judgements and estimates

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

### Construction contracts

The Group recognises revenue from construction contracts over time taking into account the stage of completion. The management has exercised judgements to measure progress toward satisfaction of the performance obligation by reference to information provided by the project engineers or project managers and relying on their expertise and past experiences.

### **Estimated construction project costs**

The Group estimates costs of construction projects based on details of the construction work, taking into account the volume and value of construction materials to be used in the project, labour costs and other miscellaneous costs to be incurred to complete the construction service, taking into consideration the trend of the changes in these costs. Estimates are reviewed regularly or whenever actual costs differ significantly from the figures used in the original estimates.

### **Estimated expenses for construction projects**

In determining estimated expenses for construction projects, the management is required to use judgement and relevant information to estimate losses that may be incurred from warranties and claims on the construction contract works. The estimates are made through a combination of specific reviews of construction projects, analysis of actual claims incurred and historical statistic information, among others. However, the use of different estimates and assumptions could affect the amounts of estimated expenses for construction projects.

### **Leases**

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

### **Allowance for doubtful accounts**

In determining an allowance for doubtful accounts, the management needs to make judgement and estimates based upon, among other things, past collection history, aging profile of outstanding debts and the prevailing economic condition.

### **Impairment of investments**

The Company treats investments as impaired when there has been a significant or prolonged decline in the fair value below their cost or where other objective evidence of impairment exists. The determination of what is “significant” or “prolonged” requires judgement of the management.

### **Property, plant and equipment and depreciation**

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

The Company measures land and buildings at revalued amounts. Such amounts are determined by the independent valuer using the sale comparison approach for land and the depreciated replacement cost approach for buildings. The valuation involves certain assumptions and estimates.

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

### **Deferred tax assets**

Deferred tax assets are recognised for deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the temporary differences and losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of estimate future taxable profits.

### **Post-employment benefits under defined benefit plans**

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

### **Litigation**

The Company has contingent liabilities as a result of litigation. The management has used judgement to assess of the results of the litigation and believes that the provision made would be sufficient. However, actual results could differ from the estimates.

## 8. Related party transactions

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

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements		Transfer pricing policy
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	
<b>Transactions with subsidiary</b> (eliminated from the consolidated financial statements)					
Rental and service income	-	-	5.9	7.0	Market price
Interest income	-	-	0.1	-	Interest at the rate of 4.00 percent per annum
Sales of assets	-	-	-	1.2	Net book value plus margin
Other income	-	-	0.1	0.3	Cost plus margin
Interest expense	-	-	0.7	-	Interest at the rate of 2.85 - 3.00 percent per annum
<b>Transactions with related companies</b>					
Construction income	0.2	-	-	-	Cost plus margin
Cost of construction	-	0.6	-	0.6	Market price
Rental and service expenses	0.2	0.4	0.2	0.4	Market price

The balances of the accounts as at 31 December 2019 and 2018 between the Company and those related parties are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
<b>Trade accounts receivable - related parties (Note 10)</b>				
<b>Construction contract receivables</b>				
Related companies (related by common directors and/or connected person)	-	208,050	-	208,050
Total	-	208,050	-	208,050
Less: Allowance for doubtful accounts	-	(208,050)	-	(208,050)
Total construction contract receivables	-	-	-	-
Total trade accounts receivable - related parties	-	-	-	-

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
<b>Other receivables - related parties (Note 10)</b>				
Subsidiary	-	-	285	7,516
Related company (related by common directors and/or connected person)	-	5,130	-	5,130
Total	-	5,130	285	12,646
Less: Allowance for doubtful accounts	-	(5,130)	-	(5,130)
Total other receivables - related parties	-	-	285	7,516

**Trade and other payables - related parties (Note 21)**

Related companies (related by common directors and/or connected person)	136	136	136	136
Total trade and other payables - related parties	136	136	136	136

**Short-term loan to related party**

As at 31 December 2019, the Company had short-term loan to a subsidiary amounting to Baht 7 million. The loan carries interest at 4.00 percent per annum and is repayable at call.

During the year ended 31 December 2019, movement of short-term loan to related party was as follows:

(Unit: Thousand Baht)

	Separate financial statements			
	Balance as at 31 December 2018	During the year		Balance as at 31 December 2019
		Increase	Decrease	
<b>Short-term loan to related party</b>				
Subsidiary	-	7,000	-	7,000

	(Unit: Thousand Baht)	
	Consolidated	
	financial statements	
	31 December	31 December
	2019	2018
<b>Long-term loans to related parties</b>		
Related company (related by common director)	170	-
Related person	593	-
Total	763	-
Less: Current portion	(763)	-
Long-term loans to related parties - net	-	-

As at 31 December 2019, a subsidiary had long-term loans to a related company and a director of another subsidiary amounting to Baht 0.2 million and Baht 0.6 million, respectively. The loans carry interest at 3.00 percent per annum and are repayable monthly within January 2021.

During the year ended 31 December 2019, movements of long-term loans to related parties were as follows:

	(Unit: Thousand Baht)			
	Consolidated financial statements			
	Balance as at	During the year		Balance as at
	31 December	Increase	Decrease	31 December
	2018			2019
<b>Long-term loans to related parties</b>				
Related company	-	350	(180)	170
Related person	-	1,150	(557)	593
<b>Total</b>	-	1,500	(737)	763

### Short-term loans from related party

During the year ended 31 December 2019, movements of short-term loans from related party were as follows:

	(Unit: Thousand Baht)			
	Separate financial statements			
	Balance as at	During the year		Balance as at
	31 December	Increase	Decrease	31 December
	2018			2019
<b>Short-term loans from related party</b>				
Subsidiary	-	445,000	(445,000)	-



## Directors and management's remuneration

During the years ended 31 December 2019 and 2018, the Group had employee benefit expenses payable to its directors and management as below.

	(Unit: Thousand Baht)	
	Consolidated and Separate financial statements	
	<u>2019</u>	<u>2018</u>
Short-term employee benefits	46,663	46,692
Post-employment benefits	2,973	1,987
Total	<u>49,636</u>	<u>48,679</u>

## 9. Cash and cash equivalents

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Cash	1,093	6,485	1,088	6,320
Bank deposits	180,813	101,065	100,239	26,292
Total cash and cash equivalents	<u>181,906</u>	<u>107,550</u>	<u>101,327</u>	<u>32,612</u>

As at 31 December 2019, bank deposits in savings accounts carried interests between 0.10 and 1.30 percent per annum (2018: between 0.10 and 1.20 percent per annum).

## 10. Trade and other receivables

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
<u>Trade receivables - related parties</u>				
Aged on the basis of due dates				
Past due				
Over 12 months	-	208,050	-	208,050
Total	-	208,050	-	208,050
Less: Allowance for doubtful accounts	-	(208,050)	-	(208,050)
Total trade receivables - related parties	-	-	-	-

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
<u>Trade receivables - unrelated parties</u>				
Aged on the basis of due dates				
Not yet due	633,021	728,089	633,021	709,978
Past due				
Up to 1 month	13,383	176,221	13,383	176,221
1 - 3 months	113,220	36,184	113,220	36,184
3 - 6 months	1,244	-	1,244	-
6 - 12 months	-	51,488	-	51,488
Over 12 months	169,600	130,512	169,600	130,512
Total	930,468	1,122,494	930,468	1,104,383
Notes receivable and post dated cheques	-	10,000	-	10,000
Total	930,468	1,132,494	930,468	1,114,383
Less: Allowance for doubtful accounts	(30,593)	(32,438)	(30,593)	(32,438)
Total trade receivables - unrelated parties - net	899,875	1,100,056	899,875	1,081,945
Total trade receivables - net	899,875	1,100,056	899,875	1,081,945
<u>Other receivables</u>				
Other receivables - related parties	-	5,130	285	12,646
Other receivables - unrelated parties	11,728	9,125	11,326	8,745
Interest receivable	182	115	267	115
Prepaid expenses	17,189	8,851	16,898	8,634
Total other receivables	29,099	23,221	28,776	30,140
Less: Allowance for doubtful accounts	(240)	(5,832)	(240)	(5,832)
Total other receivables – net	28,859	17,389	28,536	24,308
Total trade and other receivables - net	928,734	1,117,445	928,411	1,106,253

The trade receivables included amounts receivable from several construction projects of which the developers have experienced financial difficulties or are in the process of claim for damages and delayed payments for the construction services provided and some of these projects have been subject to legal actions taken by the Company.

The Company has transferred the calling right for the collections from the construction contract debtors of certain projects to a bank to secure the credit facilities of the Company granted by that bank.

In October 2019, the Company entered into a memorandum with a debtor, for debt settlement of construction costs and interest. The debtor transferred the ownership of 2 plots of land to the Company for partial settlement of debt and interest amounting to Baht 50 million, but the Company also granted the debtor under another contract, the right to buy back these plots of land within 2 years, which is within 25 October 2021, at a buy-back price of Baht 50 million plus interest at the rate of 5 percent per annum, and therefore, the Company has not recorded the plots of land as the Company's assets.

## 11. Contract assets/Contract liabilities

### 11.1 Contract balances

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
<b>Contract assets</b>				
Unbilled receivables	2,064,315	1,431,407	2,062,786	1,431,407
Retention receivables	476,351	570,097	476,178	561,294
<b>Total contract assets</b>	<b>2,540,666</b>	<b>2,001,504</b>	<b>2,538,964</b>	<b>1,992,701</b>
<b>Contract liabilities</b>				
Construction revenue received in advance	52,531	62,438	52,531	62,438
Advance received from customers	1,494,144	1,339,293	1,492,053	1,339,293
<b>Total contract liabilities</b>	<b>1,546,675</b>	<b>1,401,731</b>	<b>1,544,584</b>	<b>1,401,731</b>

### 11.2 Revenue recognised in relation to contract balances

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Revenue recognised that was included in				
contract liabilities at the beginning of the year	538,176	259,030	538,176	259,030
Revenue recognised from changes in variable				
considerations of performance obligations				
satisfied in previous years	452	-	452	-

### 11.3 Revenue to be recognised for the remaining performance obligations

As at 31 December 2019, revenue aggregating to Baht 12,696 million is expected to be recognised in the future relating to performance obligations that are unsatisfied (or partially unsatisfied) of contracts with customers (2018: Baht 11,621 million). The Group expects to satisfy the performance obligations within 3 years.

## 12. Inventories

(Unit: Thousand Baht)

Consolidate financial statements						
	Cost		Reduce cost to net realisable value		Inventories - net	
	2019	2018	2019	2018	2019	2018
Materials at sites	72,041	106,535	-	-	72,041	106,535
General materials	3,948	2,508	(291)	(174)	3,657	2,334
Spare parts	4,920	5,263	(2,110)	(659)	2,810	4,604
Steel and others	576	1,199	(12)	(12)	564	1,187
<b>Total</b>	<b>81,485</b>	<b>115,505</b>	<b>(2,413)</b>	<b>(845)</b>	<b>79,072</b>	<b>114,660</b>

(Unit: Thousand Baht)

Separate financial statements						
	Cost		Reduce cost to net realisable value		Inventories - net	
	2019	2018	2019	2018	2019	2018
Materials at sites	72,041	106,535	-	-	72,041	106,535
General Materials	2,924	2,508	(291)	(174)	2,633	2,334
Spare parts	4,920	5,263	(2,110)	(659)	2,810	4,604
Steel and others	576	1,199	(12)	(12)	564	1,187
<b>Total</b>	<b>80,461</b>	<b>115,505</b>	<b>(2,413)</b>	<b>(845)</b>	<b>78,048</b>	<b>114,660</b>

During the current year, the Company reduced cost of inventories by Baht 1.6 million (2018: Baht 0.7 million) to reflect the net realisable value, which was included in cost of construction.

### 13. Other current assets

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Assets under buy back agreement	49,991	-	49,991	-
Refundable deposits	7,628	9,698	7,082	8,715
Others	206	134	279	102
Total other current assets	<u>57,825</u>	<u>9,832</u>	<u>57,352</u>	<u>8,817</u>

During the current year, the Company purchased formwork system of Baht 63 million for use in its operations, with an agreement to buy back within 1 year. The Company amortises such assets over the contract period.

### 14. Restricted bank deposits and investments

(Unit: Thousand Baht)

	Consolidated and Separate	
	financial statements	
	<u>2019</u>	<u>2018</u>
Bank deposits	1,540	1,527
Investments in Bank of Thailand bonds	13,275	24,797
Total	<u>14,815</u>	<u>26,324</u>

As at 31 December 2019, bank deposits and investments in Bank of Thailand bonds carried interests between 0.80 and 1.69 percent per annum (2018: between 0.80 and 1.47 percent per annum).

The Company pledged its bank deposits to secure credit facilities and bank guarantees issued by banks on behalf of the Company and pledged its Bank of Thailand bonds to guarantee the tax refund from the Revenue Department.

## 15. Investments in subsidiaries

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

Company's name	Paid-up capital		Shareholding percentage		(Unit: Thousand Baht) Cost	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
			(%)	(%)		
CNT Holdings Limited	Baht 50.0 million	Baht 50.0 million	60	60	1,526,230	1,526,230
Christiani & Nielsen (Myanmar) Limited	USD 0.4 million	USD 0.3 million	100	100	13,336	10,292
Christiani & Nielsen (Cambodia) Co., Ltd.	USD 0.1 million	USD 0.1 million	100	100	3,375	3,375
Christiani & Nielsen Energy Solutions Co., Ltd.	Baht 10.0 million	-	85	-	8,500	-
Total					1,551,441	1,539,897
Less: Allowance for impairment loss on investment					(1,492,717)	(1,492,717)
Total investments in subsidiaries - net					<u>58,724</u>	<u>47,180</u>

During the year 2018, the Company recorded the allowance for impairment loss on investment in subsidiary of Baht 0.4 million.

### New subsidiary

On 11 January 2019, the meeting of the Board of Directors of the Company No.442 passed a resolution to approve the establishment of a subsidiary in Thailand, namely "Christiani & Nielsen Energy Solutions Company Limited" with the registered share capital of Baht 10 million (1,000,000 ordinary shares of Baht 10 each). The Company holds 85 % equity interest in this subsidiary. On 22 January 2019, the subsidiary registered its establishment with the Ministry of Commerce.

### Subsidiary in Myanmar

On 11 July 2016, the meeting of the Executive Board of Directors of the Company passed a resolution to approve the establishment of a subsidiary in Myanmar, namely "Christiani & Nielsen (Myanmar) Limited", with the registered share capital of USD 500,000 (500,000 ordinary shares of USD 1 each). The subsidiary called up its share capital of USD 100,000 (100,000 ordinary shares of USD 1 each). The Company holds 100% equity interest in this subsidiary. On 15 July 2016, the subsidiary registered its establishment with the Directorate of Investment and Company Administration of Myanmar.

On 16 March 2017, the Company additionally paid for its investment in Christiani & Nielsen (Myanmar) Limited of USD 100,000 (100,000 ordinary shares of USD 1 each). On 29 March 2017, the subsidiary registered the additional issued and paid up share capital with the Directorate of Investment and Company Administration of Myanmar.

On 2 July 2018, the Company additionally paid for its investment in Christiani & Nielsen (Myanmar) Limited of USD 100,000 (100,000 ordinary shares of USD 1 each). On 9 July 2018, the subsidiary registered the additional issued and paid up share capital with the Directorate of Investment and Company Administration of Myanmar.

On 9 December 2019, the Company additionally paid for its investment in Christiani & Nielsen (Myanmar) Limited of USD 100,000 (100,000 ordinary shares of USD 1 each). On 16 January 2020, the subsidiary registered the additional issued and paid up share capital with the Directorate of Investment and Company Administration of Myanmar.

### **Subsidiary in Cambodia**

On 15 June 2017, the meeting of the Executive Board of Directors of the Company passed a resolution to approve the establishment of a subsidiary in Cambodia, namely “Christiani & Nielsen (Cambodia) Co., Ltd.”, with the registered share capital of USD 100,000 (100,000 ordinary shares of USD 1 each). The subsidiary called up its share capital of USD 100,000 (100,000 ordinary shares of USD 1 each). The Company holds 100% equity interest in this subsidiary. On 4 July 2017, the subsidiary registered its establishment with the Ministry of Commerce of Cambodia. On 21 July 2017, the Company paid for its investment in Christiani & Nielsen (Cambodia) Co., Ltd. of USD 100,000.

## **16. Other long-term investments**

(Unit: Thousand Baht)

	Consolidated and Separate financial statements			
	Shareholding percentage		Investments	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
	(%)	(%)		
<b><u>Other investment - other companies</u></b>				
Oriental Residence Bangkok Co., Ltd.	0.20	0.20	1,000	1,000
Gammon Engineers and Contractors Private Limited (GECPL)	10.50	10.50	<u>103,950</u>	<u>103,950</u>
Total			<u><u>104,950</u></u>	<u><u>104,950</u></u>

On 22 March 2018, the meeting of the Board of Directors of the Company No. 437 passed a resolution to approve the Company to enter into the Investment Cum Shareholders Agreement (the “Investment Agreement”) for investment in Gammon Engineers and Contractors Private Limited (“GECPL”). Under the Investment Agreement, the Company subscribed to 6,000,000 newly issued shares (par value of Indian Rupees 10 each) of GECPL at price of Indian Rupees 35 per share or in total amount of Indian Rupees 210 million or equivalent to approximately Baht 104 million, which was paid by the Company on 26 March 2018.

## 17. Investment properties

(Unit: Thousand Baht)

	Consolidated and Separate financial statements		
	Condominium		
	Land	units	Total
<b>Fair value</b>			
1 January 2018 (restated)	134,689	4,354	139,043
Gain on fair value adjustment	65,727	2,027	67,754
31 December 2018 (restated)	200,416	6,381	206,797
Gain (loss) on fair value adjustment	33,324	(2,601)	30,723
Disposals during the year	(44)	-	(44)
31 December 2019	<u>233,696</u>	<u>3,780</u>	<u>237,476</u>

The fair value of the above investment properties has been determined based on the valuation performed by an independent professional valuer, using the sale comparison approach.

As at 31 December 2019 and 2018, the Company mortgaged its 8 plots of land with net book value of Baht 167 million with banks to secure the bank overdrafts and loans granted by those banks.



## 18. Property, plant and equipment

(Unit: Thousand Baht)

	Consolidated financial statements															
	Cost basis															
	Revaluation basis		Land improvements		Leasehold buildings		Construction machinery and equipment		Furniture, fixtures and equipment		Motor Vehicles		Assets under construction and installation		Total	
Land	Buildings															
<b>Cost/Revalued amount</b>																
1 January 2018	297,668	313,280	42,217	-	-	1,485,152	148,909	207,163	25,233	2,519,622						
Additions	-	-	-	-	-	86,066	7,750	40,813	3,626	138,255						
Disposals/write-off	-	-	-	-	-	(51,580)	(7,201)	(3,878)	-	(62,659)						
Transfer in (transfer out)	-	476	-	802	-	-	-	-	(1,278)	-						
Translation adjustment	-	-	-	-	-	-	(40)	-	1	(39)						
31 December 2018	297,668	313,756	42,217	802	802	1,519,638	149,418	244,098	27,582	2,595,179						
Increase from revaluation	466,952	82,910	-	-	-	-	-	-	-	549,862						
Additions	-	2,313	-	78	78	169,897	6,699	4,967	582	184,536						
Disposals/write-off	-	-	-	-	-	(40,738)	(3,895)	(4,755)	-	(49,388)						
Transfer in (transfer out)	-	178	-	-	-	-	-	-	(178)	-						
Translation adjustment	-	-	-	(61)	(61)	(256)	(73)	-	-	(390)						
31 December 2019	764,620	399,157	42,217	819	819	1,648,541	152,149	244,310	27,986	3,279,799						

(Unit: Thousand Baht)

## Consolidated financial statements

	Cost basis								Total
	Revaluation basis		Land improvements	Leasehold buildings	Construction machinery and equipment	Furniture, fixtures and equipment	Motor Vehicles	Assets under construction and installation	
	Land	Buildings							
<b>Accumulated depreciation</b>									
1 January 2018	-	59,973	34,718	-	824,589	113,662	126,200	-	1,159,142
Depreciation for the year	-	15,811	7,168	265	164,917	17,346	17,988	-	223,495
Depreciation on disposals/write-off	-	-	-	-	(46,142)	(7,028)	(3,210)	-	(56,380)
Translation adjustment	-	-	-	3	2	(13)	-	-	(8)
31 December 2018	-	75,784	41,886	268	943,366	123,967	140,978	-	1,326,249
Decrease from revaluation	-	(15,843)	-	-	-	-	-	-	(15,843)
Depreciation for the year	-	7,801	331	318	168,808	13,666	23,335	-	214,259
Depreciation on disposals/write-off	-	-	-	-	(36,931)	(3,645)	(3,761)	-	(44,337)
Translation adjustment	-	-	-	(29)	(143)	(22)	-	-	(194)
31 December 2019	-	67,742	42,217	557	1,075,100	133,966	160,552	-	1,480,134
<b>Allowance for impairment loss</b>									
1 January 2018	-	121	-	-	6,306	1,946	21	-	8,394
31 December 2018	-	121	-	-	6,306	1,946	21	-	8,394
Increase during the year	-	2,781	-	-	-	-	-	-	2,781
31 December 2019	-	2,902	-	-	6,306	1,946	21	-	11,175
<b>Net book value</b>									
31 December 2018	297,668	237,851	331	534	569,966	23,505	103,099	27,582	1,260,536
31 December 2019	764,620	328,513	-	262	567,135	16,237	83,737	27,986	1,788,490
<b>Depreciation for the year</b>									
2018 (Baht 190 million included in cost of construction, and the balance in administrative expenses)									223,495
2019 (Baht 194 million included in cost of construction, and the balance in administrative expenses)									214,259

(Unit: Thousand Baht)

	Separate financial statements							
	Revaluation basis				Cost basis			
	Land	Buildings	Land improvements	Construction machinery and equipment	Furniture, fixtures and equipment	Motor Vehicles	Assets under construction and installation	Total
<b>Cost/Revalued amount</b>								
1 January 2018	297,668	313,280	42,217	1,485,116	148,581	207,163	24,537	2,518,562
Additions	-	-	-	84,272	6,918	40,813	3,521	135,524
Disposals/write-off	-	-	-	(52,939)	(7,201)	(3,878)	-	(64,018)
Transfer in (transfer out)	-	476	-	-	-	-	(476)	-
31 December 2018	297,668	313,756	42,217	1,516,449	148,298	244,098	27,582	2,590,068
Increase from revaluation	466,952	82,910	-	-	-	-	-	549,862
Additions	-	2,313	-	169,724	5,557	4,967	582	183,143
Disposals/write-off	-	-	-	(40,738)	(3,895)	(4,755)	-	(49,388)
Transfer in (transfer out)	-	178	-	-	-	-	(178)	-
31 December 2019	764,620	399,157	42,217	1,645,435	149,960	244,310	27,986	3,273,685

(Unit: Thousand Baht)

	Separate financial statements							Total
	Cost basis							
	Revaluation basis	Land improvements	Construction machinery and equipment	Furniture, fixtures and equipment	Motor Vehicles	Assets under construction and installation		
Land	Buildings							
<b>Accumulated depreciation</b>								
1 January 2018	-	59,973	34,718	824,588	113,584	126,200	-	1,159,063
Depreciation for the year	-	15,811	7,168	164,589	17,153	17,988	-	222,709
Depreciation on disposals/write-off	-	-	-	(46,411)	(7,028)	(3,210)	-	(56,649)
31 December 2018	-	75,784	41,886	942,766	123,709	140,978	-	1,325,123
Decreased from revaluation	-	(15,843)	-	-	-	-	-	(15,843)
Depreciation for the year	-	7,801	331	168,042	13,209	23,335	-	212,718
Depreciation on disposals/write-off	-	-	-	(36,931)	(3,645)	(3,761)	-	(44,337)
31 December 2019	-	67,742	42,217	1,073,877	133,273	160,552	-	1,477,661
<b>Allowance for impairment loss</b>								
1 January 2018	-	121	-	6,306	1,946	21	-	8,394
31 December 2018	-	121	-	6,306	1,946	21	-	8,394
Increase during the year	-	2,781	-	-	-	-	-	2,781
31 December 2019	-	2,902	-	6,306	1,946	21	-	11,175
<b>Net book value</b>								
31 December 2018	297,668	237,851	331	567,377	22,643	103,099	27,582	1,256,551
31 December 2019	764,620	328,513	-	565,252	14,741	83,737	27,986	1,784,849
<b>Depreciation for the year</b>								
2018 (Baht 190 million included in cost of construction, and the balance in administrative expenses)								222,709
2019 (Baht 194 million included in cost of construction, and the balance in administrative expenses)								212,718

During the current year, the Company arranged for an independent professional valuer to reappraise the value of its land and buildings. The revaluations were conducted on 3 and 5 July 2019 using the sale comparison approach for land and the depreciated replacement cost approach for buildings, the results of which showed an increase in the net book value of the land and buildings of Baht 467 million and Baht 99 million, respectively. The Company recorded the resulting revaluation increase in other comprehensive income and the cumulative increase is recognised as the “Revaluation surplus on assets” in the shareholders’ equity.

Had the land and buildings been carried in the financial statements based on historical cost basis, their net book values as of 31 December 2019 would have been approximately Baht 298 million and Baht 208 million, respectively (2018: Baht 298 million and Baht 213 million, respectively).

As at 31 December 2019, the Company had machinery, vehicles and equipment under finance lease agreements with net book value amounting to Baht 355 million (2018: Baht 376 million).

As at 31 December 2019, certain plant and equipment items have been fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation and allowance for impairment loss of those assets amounted to approximately Baht 942 million (2018: Baht 812 million).

As at 31 December 2019, the Company mortgaged its 9 plots of land and construction thereon with net book value of approximately Baht 1,044 million (2018: 9 plots of land with net book value of approximately Baht 501 million) with banks to secure the short-term and long-term credit facilities granted by those banks.

## 19. Intangible assets

The net book value of intangible assets as at 31 December 2019 and 2018 is presented below.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Computer software - cost	31,771	23,862	31,706	23,837
Less: Accumulated amortisation	(6,070)	(4,007)	(6,050)	(3,996)
Net book value	<u>25,701</u>	<u>19,855</u>	<u>25,656</u>	<u>19,841</u>

A reconciliation of the net book value of intangible assets for the years 2019 and 2018 is presented below.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Net book value at beginning of year	19,855	18,425	19,841	18,403
Additions	7,991	2,922	7,951	2,922
Disposals and write off during the period - net book value at disposal and write off date	(75)	-	(75)	-
Amortisation for the year	(2,070)	(1,490)	(2,061)	(1,484)
Translation adjustment	-	(2)	-	-
Net book value at end of year	<u>25,701</u>	<u>19,855</u>	<u>25,656</u>	<u>19,841</u>

## 20. Bank overdrafts and short-term loans from financial institutions

As at 31 December 2019, the Company had short-term loans from financial institutions of Baht 400 million in the form of promissory notes, which are repayable in January 2020 and bear interest at the rate of 2.85 and 2.90 percent per annum. In January 2020, the Company had already repaid these short-term loans.

As at 31 December 2019, the Company had credit facilities for bank overdrafts and short-term loans from the local banks of Baht 345 million (2018: Baht 545 million). The facilities are secured by the pledge of the bank deposits as discussed in Note 14 and the mortgage of plots of land and construction thereon as discussed in Note 17 and 18. The loan agreements contain covenants that, among other things, require the Company to maintain certain financial ratios such as net interest bearing debt to equity ratio.

## 21. Trade and other payables

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
<b>Trade and other payables</b>				
Related parties	136	136	136	136
Unrelated parties	1,212,255	1,044,348	1,204,243	1,027,488
<b>Accrued construction costs</b>				
Unrelated parties	645,211	864,970	644,695	861,006
<b>Accrued expenses</b>				
Unrelated parties	50,786	63,371	48,044	60,994
Total trade and other payables	<u>1,908,388</u>	<u>1,972,825</u>	<u>1,897,118</u>	<u>1,949,624</u>

## 22. Liabilities under finance lease agreements

(Unit: Thousand Baht)

	Consolidated and Separate financial statements	
	<u>2019</u>	<u>2018</u>
Liabilities under finance lease agreements	307,497	337,798
Less: Deferred interest expenses	<u>(11,964)</u>	<u>(15,336)</u>
Total	295,533	322,462
Less: Current portion	<u>(136,302)</u>	<u>(129,767)</u>
Liabilities under finance lease agreements - net	<u>159,231</u>	<u>192,695</u>

The Company has entered into finance lease agreements with leasing companies for lease of vehicles and machines for use in its operation, whereby it is committed to pay rental on a monthly basis. The terms of the agreements are generally 3 - 4 years.

Future minimum lease payments required under the finance lease agreements were as follows:

(Unit: Thousand Baht)

	As at 31 December 2019		
	Less than		
	<u>1 year</u>	<u>1 - 4 years</u>	<u>Total</u>
Future minimum lease payments	143,933	163,564	307,497
Deferred interest expenses	<u>(7,631)</u>	<u>(4,333)</u>	<u>(11,964)</u>
Present value of future minimum lease payments	<u>136,302</u>	<u>159,231</u>	<u>295,533</u>

(Unit: Thousand Baht)

	As at 31 December 2018		
	Less than		
	<u>1 year</u>	<u>1 - 4 years</u>	<u>Total</u>
Future minimum lease payments	138,422	199,376	337,798
Deferred interest expenses	<u>(8,655)</u>	<u>(6,681)</u>	<u>(15,336)</u>
Present value of future minimum lease payments	<u>129,767</u>	<u>192,695</u>	<u>322,462</u>

## 23. Long term loans

Loan	Credit line (Million Baht)	Interest rate (% per annum)	Repayment schedule	(Unit: Thousand Baht)	
				Consolidated and Separate financial statements	
				2019	2018
1.	160	BIBOR + 2.625	Monthly installment of Baht 1.9 million of which the first installment is due after 13 months from the first withdrawal on 23 August 2013	38,400	61,200
2.	280	BIBOR + 2.625	Monthly installment of Baht 3 million of which the first installment is due after 13 months from the first withdrawal on 25 September 2013	-	6,760
Total long-term loans				38,400	67,960
Less: Current portion				(38,400)	(29,560)
Long-term loans - net				-	38,400

Long-term loans are secured by the mortgage of part of land and construction thereon as discussed in Note 16. The loan agreements contain covenants which, among other things, require the Company to maintain net interest bearing debt-to-equity and debt service coverage ratios at the rate prescribed in the agreements.

As at 31 December 2019, the Company classified the undue portion within one year loan of Baht 15.6 million to be current portion since certain financial ratio was not complied as that stipulated in the loan agreement with a bank, resulting in such undue portion loan being payable on demand.

As at 31 December 2019, the long-term credit facilities of the Company which have not yet been drawn down amounted to Baht 120 million (2018: Baht 120 million).



## 24. Provision for long-term employee benefits

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

	(Unit: Thousand Baht)	
	Consolidated and Separate financial statements	
	<u>2019</u>	<u>2018</u>
<b>Provision for long-term employee benefits at beginning of year</b>	124,244	119,696
Included in income statement:		
Current service cost	14,539	13,215
Interest cost	3,955	2,943
Reversal during the year	-	(7,514)
Past service costs	30,352	-
Included in other comprehensive income:		
Actuarial gain arising from		
Financial assumptions changes	-	(1,085)
Benefits paid during the year	<u>(10,925)</u>	<u>(3,011)</u>
<b>Provision for long-term employee benefits at end of year</b>	<u><u>162,165</u></u>	<u><u>124,244</u></u>

The Company expects to pay Baht 9.7 million of long-term employee benefits during the next year (2018: Baht 7.4 million).

As at 31 December 2019, the weighted average duration of the liabilities for long-term employee benefits is 15.8 years (2018: 15.8 years).

Significant actuarial assumptions are summarised below.

	(Unit: Percent per annum)	
	Consolidated and Separate financial statements	
	<u>2019</u>	<u>2018</u>
Discount rate	1.8 - 4.3	1.8 - 4.3
Salary increase rate	3.0 - 8.0	3.0 - 8.0
Staff turnover rate	0.0 -18.0	0.0 - 18.0

The results of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 December 2019 and 2018 are summarised below.

(Unit: Thousand Baht)

	Consolidated and Separate financial statements			
	2019		2018	
	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
Discount rate	(14,438)	16,677	(10,893)	12,575
Salary increase rate	19,653	(17,190)	13,506	(11,892)
	Increase 20%	Decrease 20%	Increase 20%	Decrease 20%
Staff turnover rate	(9,796)	11,287	(6,510)	7,429

On 5 April 2019, The Labor Protection Act (No. 7) B.E. 2562 was announced in the Royal Gazette. This stipulates additional legal severance pay rates for employees who have worked for an uninterrupted period of twenty years or more, with such employees entitled to receive not less than 400 days' compensation at the latest wage rate. The law was effective from 5 May 2019. This change is considered a post-employment benefits plan amendment and the Company has additional long-term employee benefit liabilities of Baht 30 million (The Company only: Baht 30 million) as a result. The Company reflects the effect of the change by recognising past service costs as expenses in the income statement of the current year.

## 25. Share capital

On 24 April 2018, the Annual General Meeting of the Company's shareholders No. 85 passed resolution approving the change of the Company's registered share capital from Baht 1,102,904,144 (1,102,904,144 ordinary shares of Baht 1 each) to Baht 1,027,904,144 (1,027,904,144 ordinary shares of Baht 1 each) by cancelling the 75,000,000 authorised but unissued ordinary shares, at a par value of Baht 1 and passed resolution to increase the Company's registered share capital from Baht 1,027,904,144 (1,027,904,144 ordinary shares of Baht 1 each) to Baht 1,102,904,144 (1,102,904,144 ordinary shares of Baht 1 each) through the issuance of 75,000,000 new ordinary shares of Baht 1 each. The Company registered the change in its registered share capital with the Ministry of Commerce on 22 May 2018.

On 22 April 2019, the Annual General Meeting of the Company's shareholders No. 86 passed resolution approving the change of the Company's registered share capital from Baht 1,102,904,144 (1,102,904,144 ordinary shares of Baht 1 each) to Baht 1,027,904,144 (1,027,904,144 ordinary shares of Baht 1 each) by cancelling the 75,000,000 authorised but unissued ordinary shares, at a par value of Baht 1 and passed resolution to increase the Company's registered share capital from Baht 1,027,904,144 (1,027,904,144 ordinary shares of Baht 1 each) to Baht 1,102,904,144 (1,102,904,144 ordinary shares of Baht 1 each) through the issuance of 75,000,000 new ordinary shares of Baht 1 each. The Company registered the change in its registered share capital with the Ministry of Commerce on 7 May 2019.

## 26. Revaluation surplus on assets

This represents surplus arising from revaluation of land and buildings. The surplus from revaluations of buildings is amortised to retained earnings on a straight-line basis over the remaining useful lives of the related buildings.

	(Unit: Thousand Baht)	
	Consolidated and Separate financial statements	
	<u>2019</u>	<u>2018</u>
Balance - beginning of year	25,401	27,112
Additions	565,705	-
Less: Amortisation during the year	(1,325)	(1,711)
Balance - end of year	<u>589,781</u>	<u>25,401</u>

The revaluation surplus can neither be offset against deficit nor used for dividend payment.

## 27. Statutory reserve

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside to a statutory reserve at least 5 percent of its net profit after deducting accumulated deficit brought forward (if any), until the reserve reaches 10 percent of the registered capital. The statutory reserve is not available for dividend distribution.

During the year 2019, the Company set aside Baht 4.5 million as statutory reserve.

## 28. Expenses by nature

Significant expenses classified by nature are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
		(Restated)		(Restated)
Subcontractors	2,869,632	2,872,692	2,867,107	2,865,590
Construction materials	1,844,532	1,731,748	1,838,541	1,646,814
Salaries and wages and other employee benefits	1,685,850	1,569,994	1,674,716	1,545,096
Depreciation and amortisation	216,329	224,985	214,779	224,194
Doubtful accounts	-	213,180	-	213,180

## 29. Income tax

Income tax expenses for the years ended 31 December 2019 and 2018 are made up as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
		(Restated)		(Restated)
<b>Current income tax:</b>				
Current income tax charge	-	-	-	-
Adjustment in respect of income tax of previous year	(457)	-	-	-
<b>Deferred tax:</b>				
Relating to origination and reversal of temporary differences	15,306	35,807	15,306	30,347
<b>Income tax expenses reported in the income statements</b>	<b>14,849</b>	<b>35,807</b>	<b>15,306</b>	<b>30,347</b>

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2019 and 2018 are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Deferred tax relating to				
Revaluation surplus on assets	113,141	-	113,141	-
Actuarial gain	-	217	-	217
Income tax recognised in other comprehensive income	<u>113,141</u>	<u>217</u>	<u>113,141</u>	<u>217</u>

The reconciliation between accounting profit and income tax expenses is shown below.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
		(Restated)		(Restated)
Accounting profit (loss) before tax	<u>85,296</u>	<u>(332,913)</u>	<u>104,311</u>	<u>(349,857)</u>
Applicable tax rate	20%, 25%	20%, 25%	20%	20%
Accounting profit (loss) before tax multiplied by income tax rate	16,946	(66,687)	20,862	(69,971)
Effects of:				
Non-deductible expenses	234	316	227	172
Additional expense deductions allowed	(9,833)	(15,558)	(9,833)	(15,810)
Income not subject to tax	16	-	16	-
Unrecognised deductible temporary differences and unused tax loss	7,486	117,736	4,034	115,956
Total	<u>(2,097)</u>	<u>102,494</u>	<u>(5,556)</u>	<u>100,318</u>
Income tax expenses reported in the income statements	<u>14,849</u>	<u>35,807</u>	<u>15,306</u>	<u>30,347</u>

The components of deferred tax assets and deferred tax liabilities are as follows:

(Unit: Thousand Baht)

	Statements of financial position as at 31 December			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
	(Restated)		(Restated)	
<b>Deferred tax assets</b>				
Estimated expenses for construction projects	38,597	47,746	38,597	47,746
Provision for long-term employee benefits	32,433	24,849	32,433	24,849
Unused tax losses	37,758	37,758	37,758	37,758
Others	4,628	6,431	4,628	6,431
<b>Total</b>	<b>113,416</b>	<b>116,784</b>	<b>113,416</b>	<b>116,784</b>
<b>Deferred tax liabilities</b>				
Accumulated depreciation - plant and equipment	(9,705)	(2,391)	(9,705)	(2,391)
Revaluation surplus on assets	(149,412)	(30,972)	(149,412)	(30,972)
Liabilities under finance lease agreements	(2,393)	(3,067)	(2,393)	(3,067)
<b>Total</b>	<b>(161,510)</b>	<b>(36,430)</b>	<b>(161,510)</b>	<b>(36,430)</b>
<b>Net deferred tax assets (liabilities)</b>	<b>(48,094)</b>	<b>80,354</b>	<b>(48,094)</b>	<b>80,354</b>

As at 31 December 2019, the Group has deductible temporary differences and unused tax losses totaling Baht 386 million (2018: Baht 669 million) (the Company only: Baht 1,856 million, 2018: Baht 2,157 million), on which deferred tax assets have not been recognised as the management believes that the Company's and its subsidiaries' future taxable profits may not be sufficient to allow utilisation of such deductible temporary differences and unused tax losses.

Details of expiry date of unused tax losses of which the Group did not record deferred tax assets are summarised below.

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
31 December 2019	-	136	-	136
31 December 2020	101	83	99	81
31 December 2021	1	1	-	-
31 December 2022	1	1	-	-
31 December 2023	173	192	173	192
31 December 2024	65	-	45	-
Total	<u>341</u>	<u>413</u>	<u>317</u>	<u>409</u>

### 30. Earnings per share

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

### 31. Dividend paid

During the year ended 31 December 2018, the Company had dividend payments as follows:

Dividends	Approved by	Total Dividends (Thousand Baht)	Dividend per share (Baht)	Paid on
<u>2018</u>				
Final dividends for 2017	Annual General Meeting of the shareholders No. 85 on 24 April 2018	51,394	0.05	8 May 2018
Total		<u>51,394</u>	<u>0.05</u>	

## 32. Segment information

Operating segment information is reported in a manner consistent with the internal reports that are regularly reviewed by the chief operating decision maker in order to make decisions about the allocation of resources to the segment and assess its performance. The chief operating decision maker has been identified as the Managing Director.

For management purposes, the Group is organised into business units based on types of revenues and have 2 reportable segments as follows:

- Main operating segment in the construction services, with operations carried in Thailand, Myanmar and Cambodia. However, at present the operations in Myanmar and Cambodia are insignificant.
- Sales and service segment to provide energy solutions in solar, wind and other renewable energy sectors, with operation carried in Thailand. However, at present the operation of this segment is insignificant.

The chief operating decision maker monitors the operating results of the business units separately for the purpose of making decisions about resource allocation and assessing performance. Segment performance is measured based on operating profit or loss and total assets and on a basis consistent with that used to measure operating profit or loss and total assets in the financial statements. As a result, all of the revenues, operating profits and assets as reflected in these financial statements pertain exclusively to the aforementioned reportable operating segment and geographical areas.

The basis of accounting for any transactions between reportable segments is consistent with that for third party transactions.

### Major customers

For the year 2019, the Company has revenue from 3 major customers in amount of Baht 2,298 million, arising from general construction (2018: Baht 1,874 million derived from 2 customers).



### 33. Provident fund

The Company and its employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Both employees and the Company contribute to the fund monthly at the rate of 5 - 15 percent of basic salary depending on the employees' length of service. The fund, which is managed by SCB Asset Management Co., Ltd., will be paid to employees upon termination in accordance with the fund rules. The contributions for the year 2019 of Baht 20 million (2018: Baht 22 million) were recognised as expenses.

### 34. Commitments and contingent liabilities

#### 34.1 Operating lease commitments

The Group has entered into several lease agreements in respect of the lease of motor vehicles. The terms of agreements are generally between 2 and 4 years.

Future minimum payments required under these operating lease contracts were as follows:

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Payable				
In up to 1 year	10	10	8	10
In over 1 year and up to 4 years	12	3	7	3

#### 34.2 Service and other commitments

As at 31 December 2019, the Company had commitments in respect of subcontractor agreements payable in the future of approximately Baht 5,779 million (2018: Baht 2,399 million).

#### 34.3 Guarantees

- a) As at 31 December 2019, the Company had issued letters of guarantees of approximately Baht 52 million (2018: Baht 28 million), mainly in respect of contractual performance and advance payments.

- b) As at 31 December 2019 and 2018, there were outstanding bank guarantees issued by banks on behalf of the Group in respect of certain performance bonds as required in the normal course of business of the Group. The details of bank guarantees are as follows:

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Project tender	318	52	318	52
Advances	1,945	1,868	1,945	1,849
Contractual performance	1,438	1,406	1,438	1,386
Retention	453	482	444	482
Payments due to creditors	124	86	124	70
Tax refund	865	706	865	706
Total	<u>5,143</u>	<u>4,600</u>	<u>5,134</u>	<u>4,545</u>

- c) As at 31 December 2019, the Company had the credit utilisation agreements with a financial institution for the standby letter of credit facilities of approximately Baht 9.3 million to guarantee contractual performance (2018: Baht 38.2 million).

### 34.4 Litigation

- a) In 2015, the Company was sued by a subcontractor claiming compensation of Baht 235 million for breach of contract. The Company's opinion is that it did not commit the breach claimed, and on 16 July 2015, it filed a counterclaim with the court, claiming compensatory damages of Baht 632 million.

On 23 March 2017, the Civil Court rendered judgment ordering the Company to pay Baht 101 million plus interest of 7.5 percent per annum and return the letter of advance guarantee to the subcontractor and ordering the subcontractor to make a payment of Baht 105 million plus interest of 7.5 percent per annum to the Company. In 2018, the Company and the subcontractor lodged their respective appeals with the Appellate Court.

On 18 September 2018, the Appellate Court rendered its judgment ordering the Company to pay Baht 76.5 million for the works done by the subcontractor plus interest of 7.5 percent per annum and Baht 0.2 million per month for bank guarantee fees to the subcontractor, and to return the letter of guarantee to the subcontractor. The Appellate Court also ordered the subcontractor to repay the advance paid by the Company of Baht 50.4 million to the Company. The Company is in the process of filing an application to suspend the legal execution of the Appellate Court's judgment and also filing its appeal to the Supreme Court against the Appellate Court's judgment.

- b) In March 2018, the Company initiated arbitration proceedings under the Thai Arbitration Institute (“TAI”) against one of its customers for recovery of wrongfully withheld sums of money due and payable to the Company, as well as seeking payment of costs associated with an extension of time, totaling approximately Baht 410 million. The customer brought counterclaim against the Company, seeking damages alleged of approximately Baht 449 million. During the year 2018, the Company set up an allowance for doubtful accounts of approximately Baht 213 million for the estimated losses that may be incurred in collection of receivables from this customer.

Pursuant to settlement discussions commenced between the Company and the customer in the early part of the year 2019, a settlement agreement was signed by and between the two parties on 15 March 2019 (the “Settlement Agreement”) in full settlement of all claims and counterclaims of the respective parties. The terms of the Settlement Agreement included withdrawal of all claims and counterclaims by the parties at the TAI and in the Court, return of bank bonds and some materials used in construction and payment of Baht 64.2 million (including VAT) to the Company. During the current year, the payment was received and all other settlement actions were also completed by both parties and therefore, this dispute is now closed. Accordingly, the Company made the necessary adjustments in the current year to the receivable balances and allowance for doubtful accounts based on the amount settled.

### 35. Fair value hierarchy

As at 31 December 2019 and 2018, the Company had the assets that were measured at fair value based on levels of inputs as follows:

(Unit: Thousand Baht)

	Consolidated and Separate financial statements			
	2019		2018	
	Level 2	Total	Level 2	Total
<b>Assets measured at fair value</b>				
Land	764,620	764,620	-	-
Buildings	328,513	328,513	237,851	237,851
Investment properties	237,476	237,476	206,797	206,797

## **36. Financial instruments**

### **36.1 Financial risk management**

The Company's and its subsidiaries' financial instruments, as defined under Thai Accounting Standard No.107 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, current investments, trade and other receivables, trade and other payables, loans and borrowings. The financial risks associated with these financial instruments and how they are managed is described below.

#### ***Credit risk***

The Group is exposed to credit risk primarily with respect to trade and other receivables. The Group manages the risk by adopting appropriate credit control policies and procedures and therefore does not expect to incur material financial losses. In addition, the Group does not have high concentrations of credit risk since they have a large customer base and the majority of construction services are made to creditworthy customers. The maximum exposure to credit risk is limited to the carrying amounts of trade and other receivables as stated in the statement of financial position.

#### ***Interest rate risk***

The Group's exposure to interest rate risk relates primarily to its bank deposits, investments, loans and borrowings. Most of the Group's financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate, the interest rate risk is expected to be minimal.

Significant financial assets and liabilities classified by type of interest rate are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.

(Unit: Million Baht)

As at 31 December 2019

Consolidated financial statements						
	Fixed interest rates		Floating interest rate	Non- interest bearing	Total	Interest rate (% per annum)
	Within					
	1 year	1 - 5 years				
<b>Financial assets</b>						
Cash and cash equivalents	-	-	175	7	182	0.10 - 1.30
Trade and other receivables	86	-	-	843	929	5.00
Loans to related parties	1	-	-	-	1	3.00
Restricted bank deposits and investments	15	-	-	-	15	0.80 - 1.69
	<u>102</u>	<u>-</u>	<u>175</u>	<u>850</u>	<u>1,127</u>	
<b>Financial liabilities</b>						
Short-term loans from financial institutions	401	-	-	-	401	2.85 - 2.90
Trade and other payables	-	-	-	1,908	1,908	-
Liabilities under financial lease agreements	136	159	-	-	295	0.67 - 8.16
Long-term loans	23	15	-	-	38	BIBOR+2.625
	<u>560</u>	<u>174</u>	<u>-</u>	<u>1,908</u>	<u>2,642</u>	

(Unit: Million Baht)

As at 31 December 2019

Separate financial statements						
	Fixed interest rates		Floating interest rate	Non- interest bearing	Total	Interest rate (% per annum)
	Within					
	1 year	1 - 5 years				
<b>Financial assets</b>						
Cash and cash equivalents	-	-	98	3	101	0.10 - 1.30
Trade and other receivables	86	-	-	842	928	5.00
Loan to related party	7	-	-	-	7	4.00
Restricted bank deposits and investments	15	-	-	-	15	0.80 - 1.69
	<u>108</u>	<u>-</u>	<u>98</u>	<u>845</u>	<u>1,051</u>	
<b>Financial liabilities</b>						
Short-term loans from financial institutions	400	-	-	-	400	2.85 - 2.90
Trade and other payables	-	-	-	1,897	1,897	-
Liabilities under financial lease agreements	136	159	-	-	295	0.67 - 8.16
Long-term loans	23	15	-	-	38	BIBOR+2.625
	<u>559</u>	<u>174</u>	<u>-</u>	<u>1,897</u>	<u>2,630</u>	

(Unit: Million Baht)

As at 31 December 2018

	Consolidated financial statements					
	Fixed interest rates		Floating interest rate	Non-interest bearing	Total	Interest rate (% per annum)
	Within					
	1 year	1 - 5 years				
<b>Financial assets</b>						
Cash and cash equivalents	-	-	98	10	108	0.10 - 1.20
Trade and other receivables	10	-	-	1,107	1,117	4.00
Restricted bank deposits and investments	26	-	-	-	26	0.80 - 1.47
	<u>36</u>	<u>-</u>	<u>98</u>	<u>1,117</u>	<u>1,251</u>	
<b>Financial liabilities</b>						
Trade and other payables	-	-	-	1,973	1,973	-
Liabilities under financial lease agreements	130	192	-	-	322	0.67 - 8.16
Long-term loans	30	38	-	-	68	BIBOR+2.625
	<u>160</u>	<u>230</u>	<u>-</u>	<u>1,973</u>	<u>2,363</u>	

(Unit: Million Baht)

As at 31 December 2018

	Separate financial statements					
	Fixed interest rates		Floating interest rate	Non-interest bearing	Total	Interest rate (% per annum)
	Within					
	1 year	1 - 5 years				
<b>Financial assets</b>						
Cash and cash equivalents	-	-	26	7	33	0.10 - 1.20
Trade and other receivables	10	-	-	1,096	1,106	4.00
Restricted bank deposits and investments	26	-	-	-	26	0.80 - 1.47
	<u>36</u>	<u>-</u>	<u>26</u>	<u>1,103</u>	<u>1,165</u>	
<b>Financial liabilities</b>						
Trade and other payables	-	-	-	1,950	1,950	-
Liabilities under financial lease agreements	130	192	-	-	322	0.67 - 8.16
Long-term loans	30	38	-	-	68	BIBOR+2.625
	<u>160</u>	<u>230</u>	<u>-</u>	<u>1,950</u>	<u>2,340</u>	

**Foreign currency risk**

The Group's exposure to foreign currency risk arises mainly from service payment transactions that are denominated in foreign currencies, which are currently not hedged by any derivative financial instruments. However, the balances of financial assets and liabilities denominated in foreign currencies are insignificant, the foreign currency risk is expected to be minimal.

### **36.2 Fair values of financial instruments**

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

### **37. Capital management**

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

The Group manages its capital position by reference to its debt-to-equity ratio. As at 31 December 2019, the Group's debt-to-equity ratio was 2.22:1 (2018: 2.69:1) and the Company's was 2.22:1 (2018: 2.72:1).

### **38. Events after the reporting period**

On 27 February 2020, the meeting of the Company's Board of Directors No. 448 passed a resolution approving the payment of dividend from the 2019 operating profit of Baht 0.04 per share, or a total dividend of approximately Baht 41.12 million. The payment of dividend will later be proposed for approval in the 2020 Annual General Meeting of the Company's shareholders.

### **39. Approval of financial statements**

These financial statements were authorised for issue by the Company's Board of Directors on 27 February 2020.

# MANAGEMENT DISCUSSION AND ANALYSIS (MD&A) FOR THE YEAR 2019

## Overview

Christiani & Nielsen (Thai) PCL (the “Company”) is a leading construction company in Thailand and has been providing a wide range of services, including design and construction of buildings, civil engineering projects, design, fabrication and erection of steel structures and mechanical and electrical installations, for almost 90 years. The Company works in both the Government and Private Sectors.

In order to expand the Company’s business into the ASEAN countries in which the Company sees opportunities to make additional income, as well as enhance the Company’s reputation, the Company established two wholly-owned subsidiary companies, namely “Christiani & Nielsen (Myanmar) Limited” in Myanmar in 2016 and “Christiani & Nielsen (Cambodia) Co., Ltd.” in Cambodia in 2017, to provide construction, engineering and related services in these countries, which have growing economies and are now developing their infrastructure.

In year 2018, the Company entered into an Investment Cum Shareholders Agreement (the “Investment Agreement”) for investment in Gammon Engineers and Contractors Private Limited (“GECPL”) based in India. Under the Investment Agreement, the Company subscribed to 6,000,000 newly issued shares (par value of Indian Rupees 10/- each) of GECPL at a price of Indian Rupees 35 per share or in total amount of Indian Rupees 210,000,000/- (equivalent to about THB 104 million), which was paid by the Company on 26 March 2018. The Company views this as an attractive investment as it offers the Company a way to tap into GECPL’s large technical resources and also gives access to the large Indian market.

On 11 January 2019, the Meeting of the Board of Directors of the Company No. 442 passed a resolution to approve the establishment of a subsidiary, namely “Christiani & Nielsen Energy Solutions Company Limited”, with a registered (share capital of THB 10,000,000/- (1,000,000 ordinary shares of THB 10/- each) and the subsidiary was established subsequently. The Company holds 85 % equity interest in this subsidiary. On 22 January 2019, the subsidiary registered its establishment with the Department of Business Development,

Ministry of Commerce, and Thailand. This investment enables the Company to enter into the new renewable energy business which is the business of the future.

## Performance Overview

Year 2019 continued to show severe competition. However, in year 2019, in spite of the Company having higher construction costs due to the increase in fuel, material prices and wages, the Company managed its projects very efficiently and was therefore able to increase its gross margins from 2.45% in the previous year to 4.54% in the current year resulting in the Company reporting an unconsolidated net profit (Company only) of THB 89 million. Tendering for new projects in 2019 remained very competitive, and therefore, the Company had to secure certain projects with very minimal tender margins in the extremely competitive bidding environment. However, in year 2019 the government made great efforts in improving the public transportation infrastructure all over the nation and the proposed development of the eastern economic corridor (EEC). As such, the Company bid and secured a number of new projects as a result of which, the Backlog of the Company as of 31-Dec-19 is approximately THB 12,696 million, which is one of the highest backlogs the Company has ever had in the past. With this level of backlog, construction revenue is expected to increase in the year 2020.

During the current year, the Company changed its accounting policy regarding the measurement and recording of land value from cost method to revaluation method and the measurement and recording of the investment properties from cost method to fair value method in order to reflect the market prices of land and investment properties. The changes in this accounting policy is effective from the current year and for the change in accounting policy regarding the recording of the investment properties, the Company also restated the prior year’s financial statements, presented for comparative purposes, as though gains or losses arising from change in fair value of investment properties was initially recognized in comprehensive income. Furthermore, the Company changed its accounting estimates with respect to the useful lives of buildings from 20 years to 20 years for certain buildings and 50 years for certain other buildings. The management of the Company believes that the new useful lives of the buildings



are more appropriate and consistent with their expected economic benefits provided to the Company.

The Consolidated Financial Statements reported a net profit for the year 2019 of THB 70 million as against a net loss (restated) of THB 369 million for the year 2018. This was mainly because the Company's gross margin for the period was 4.54%, which is higher than that of the same period last year, which had a gross margin of 2.45%. There was also an increase in construction revenue by THB 117 million or 1.6%... The main reason for the loss in the previous year of 2018 apart from the lower gross margin, was the provision for allowance of doubtful accounts of THB 213 million and the legal advisory fees of about THB 42 million. In addition, during the current year, the Company changed its accounting

policy regarding the measurement and recording of the investment properties from cost method to fair value method as explained above. As a result, the Company booked a profit on change in fair value of investment properties of THB 68 million in year 2018 and THB 31 million in year 2019. As a result of cash receipt of debt recoverable of THB 64 million, other income is higher in this year by THB 64 million. Furthermore, in year 2019, a sum of THB 30 million was provided for as the Company recognized the impact of the new Labor Protection Act (Issue 7), B.E. 2562 in the 2nd quarter of 2019.

As at 31 December 2019, the Company had total assets of THB 6,721 million, total liabilities of THB 4,635 million and total shareholder's equity of THB 2,087 million.

## Financial Performance

### FOR THE YEAR ENDED 31 DECEMBER

(unit : Million Baht)

	Consolidated financial statements			
	2019	2018	Var.	
			Inc. / (Dec.)	% Inc. (Dec.)
<b>Revenues</b>				
Construction income	7,240.2	7,123.4	116.8	1.6%
<i>% of total revenues</i>	98.54%	98.89%		
Profit from change in fair value of the investment properties	30.7	67.8	(37.1)	-54.7%
Others income	76.9	12.5	64.4	515.2%
<b>Total revenues</b>	<b>7,347.8</b>	<b>7,203.7</b>	<b>144.1</b>	<b>2.0%</b>
Costs of construction	6,911.7	6,949.1	(37.4)	-0.5%
<b>Gross Margin</b>	<b>328.5</b>	<b>174.3</b>	<b>154.2</b>	<b>88.5%</b>
<i>% Gross Margin</i>	4.54%	2.45%		
Provision for doubtful debts	-	213.2	(213.2)	-100.0%
Administrative expenses	329.3	353.6	(24.3)	-6.9%
<i>% Administrative expenses / Total revenues</i>	4.48%	4.91%		
Finance cost	(21.5)	(20.7)	(0.8)	3.9%
<b>Profit (loss) before income tax expenses</b>	<b>85.3</b>	<b>(332.9)</b>	<b>418.2</b>	<b>125.6%</b>
Corporate income tax	(14.9)	(35.8)	20.9	-58.4%
<b>Net Profit (loss) for the period</b>	<b>70.4</b>	<b>(368.7)</b>	<b>439.1</b>	<b>119.1%</b>
<i>% Net Profit (loss) / Total revenues</i>	0.96%	-5.12%		
<b>Earnings per share</b>				
Basic earnings per share				
Net profit (loss) attributable to equity holders of the Company (Baht)	0.07	(0.36)	0.43	119.4%

### **Revenue and gross profit from operations**

Consolidated Construction income of the Company was THB 7,240 million which was 98.5% of total revenues of THB 7,348 million, an increase from last year of THB 117 million or 1.6%. Further, Gross profit for year 2019 increased by THB 154 million as compared to year 2018. This was mainly due to the better and efficient management of the projects by the Company due to which, the Company also had a reversal of the estimated expenses for construction projects that will not be incurred in the amount of THB 50 million. As a result, the Company's gross margin for the period was 4.54%, which is higher than the same period of last year, which had a gross margin of 2.45%.

### **Other income**

Other income was higher by THB 64 million than that in year 2018, mainly due to that fact that in the previous year of 2018, a provision for allowance of doubtful accounts of THB 213 million had been set up against which, a cash payment of THB 64 million was received and booked under other income. There was a profit from change in fair value of investment properties of THB 31 million in this year (2019) as against THB 68 million as restated in the previous year (2018).

### **Construction cost**

The main costs of the Company were for construction materials, subcontractors and labor, all of which depend on market conditions. The Consolidated Costs of construction of the Company in year 2019 were THB 6,912 million, a decrease from 2018 by THB 37 million, equivalent to 0.5%, resulting from a reversal of certain expenses for construction that will not be incurred due to better management of these projects.

### **Administrative Expenses**

Administrative expenses for year 2019 were THB 329 million, which were less than the previous year by THB 24 million. This resulted mainly from a decrease in legal fees of THB 37 million as against the previous year (due to the settlement of the legal dispute with a customer) and depreciation on buildings was less than the same period of the previous year by THB 14 million since some items of fixed assets have been fully depreciated and the Company changed its accounting estimates of useful lives of buildings as explained above. It may be noted that the Administrative expenses of the year 2019 included THB 20 million being the impact of the new

Labor Protection Act, and also THB 5 MB of non-recurring tender and bid expenses for the prospective U-Tapao airport development project. In addition, the consolidated administration expenses included the new subsidiary's administration expenses of THB 16 million.

### **Financial costs**

The financial costs in year 2019 increased from year 2018 by THB 1 million, as the Company and its subsidiaries took more bank overdraft and short-term loans for working capital in year 2019, resulting in higher interest expenses.

### **Income tax for the period**

The Company and its subsidiaries in Thailand were not liable for income tax for year 2019, since in year 2019, the Company and its subsidiaries' expenses had brought forward tax losses of previous years which can be set off against the net income of this year. However, the Company has recognized the value of deferred income tax liabilities of THB 113 million from the change in its accounting policy regarding the recording of land valuation and the recording of the investment properties as explained above.

### **Net profit**

The Consolidated Financial Statements of year 2019 show a net profit after tax of THB 70 million as compared to a net loss after tax (restated) of THB 369 million for the year 2018. The net profit before tax was THB 85 million, as compared to the net loss before tax of THB 333 million for the year 2018, equaling to an increase by THB 439 million. This is mainly because in the previous year of 2018, a provision for allowance of doubtful accounts of THB 213 million and in year 2019 there was no such provision, a decrease in profit from change in fair value of investment properties of THB 37 million, and other income increased by THB 64 million due to the cash receipt of THB 64 million from a customer as explained above. In addition, gross profit from construction income increased by THB 154 million due to better management of the projects. Administrative expenses for year 2019 decreased by THB 24 million from the same period of last year, due to the reasons explained above. In addition, financial expenses slightly increased by THB 1 million due to the reasons explained above. There is also a decrease in Corporate Income Tax (deferred) of THB 21 million as explained above.

## Comprehensive income

(unit : Million Baht)

Statements of Comprehensive income	Consolidated financial statements			
	2019	2018	Var.	
			Inc. / (Dec.)	% Inc. (Dec.)
<b>Net profit (loss) for the period</b>	<b>70.4</b>	<b>(368.7)</b>	<b>439.1</b>	<b>119.1%</b>
Revaluation surplus on assets	565.7	-	565.7	100.0%
Deffered tax on property revaluation	(113.1)	(0.2)	(112.9)	56450.0%
Actuarial gain (loss) - net of tax	-	1.1	(1.1)	-100.0%
Exchange differences on translation of financial statements in foreign currency	(1.4)	(0.2)	(1.2)	600.0%
<b>Other comprehensive income for the period</b>	<b>451.2</b>	<b>0.6</b>	<b>450.6</b>	<b>75083.3%</b>
<b>Total comprehensive income for the period</b>	<b>521.6</b>	<b>(368.1)</b>	<b>889.7</b>	<b>241.7%</b>
Equity holders of the parent	524.2	(367.8)	892.0	242.5%
Non-Controlling interests of the Subsidiary	(2.6)	(0.3)	(2.3)	766.7%
	521.6	(368.1)	889.7	241.7%

The total comprehensive income in the consolidated financial statements for year 2019 was THB 522 million, as a result of net profit of THB 70 million plus a revaluation surplus on assets (net of deferred tax) of THB 452 million and Exchange differences on translation of financial statements in foreign currency of THB 1 million.

## STATEMENTS OF FINANCIAL POSITION ANALYSIS

(unit : Million Baht)

	Consolidated financial statements			
	31 Dec. 19	31 Dec. 18 (Restated)	Inc. (Dec.)	% Inc. (Dec.)
<b>Assets</b>				
Cash and cash equivalents	181.9	107.6	74.3	69.1%
Trade and other receivables and Contract assets	928.7	1,117.4	(188.7)	-16.9%
Advance payments to subcontractors	2,540.7	2,001.5	539.2	26.9%
Withholding tax deducted at source	386.1	151.8	234.3	154.3%
Other current assets	374.9	572.8	(197.9)	-34.5%
	137.7	124.5	13.2	10.6%
<b>Total current assets</b>	<b>4,550.0</b>	<b>4,075.6</b>	<b>474.4</b>	<b>11.6%</b>
Property, plant and equipment				
Investment properties	1,788.5	1,260.5	528.0	41.9%
	237.5	206.8	30.7	14.8%
<b>Other non-current assets</b>	<b>145.4</b>	<b>231.5</b>	<b>(86.1)</b>	<b>-37.2%</b>
<b>Total non-current assets</b>	<b>2,171.4</b>	<b>1,698.8</b>	<b>472.6</b>	<b>27.8%</b>
<b>Total assets</b>	<b>6,721.4</b>	<b>5,774.4</b>	<b>947.0</b>	<b>16.4%</b>

## Assets

As at 31 December 2019, total assets of the Company and its subsidiaries were THB 6,721 million, an increase of THB 947 million or equivalent to 16.4%, compared to year 2018. There was an increase of current assets in the consolidated financial statements of THB 474 million and an increase in non-current assets of THB 473 million, mainly due to the following reasons.

Current assets increased mainly because contract assets increased by THB 539 million, advance payments to subcontractors increased by THB 234 million and cash and cash equivalents increased by THB 74 million. In year 2019, the Company received a refund of withholding tax deducted at source during the year of THB 382 million. As a result, the withholding tax deducted at source as at the end of the year 2019 decreased by THB 198 million as compared to that as at the end of the previous year. Trade receivables decreased by THB 189 million.

## Aging of receivables on the basis of due dates are detailed below:

(unit : Million Baht)

	Consolidated financial statements		
	31 Dec. 19	31 Dec. 18	31 Dec. 17
<b>Age of receivables</b>			
Not yet due	633	728	974
Past due			
Not over 1 month	13	176	183
	<b>646</b>	<b>904</b>	<b>1,157</b>
<i>% of total construction contracts debtors</i>	<i>69.4%</i>	<i>68.0%</i>	<i>75.9%</i>
1 - 3 months	113	36	75
3 - 6 months	1	-	18
6 - 12 months	-	51	35
Over 12 months	170	339	240
<b>Total construction contract debtors</b>	<b>930</b>	<b>1,330</b>	<b>1,525</b>

Construction contract debtors, with the aging of the balances in year 2019 in the consolidated financial statements were THB 930 million, 69.4% of which were not yet due and not over 1 month past due. The Company has allowances for doubtful accounts with estimates based upon, among other things, past collection history, aging profile of outstanding debts and the prevailing economic conditions. In year 2019, the Company had an allowance for doubtful accounts of THB 31 million, which is about 3% of total construction contract debtors. However, the Company manages the risk by adopting appropriate credit control policies and procedures and therefore, does not expect to incur material financial losses. In addition, the Company does not have high concentration of credit risk since the Company has a large customer base and creditworthiness of customers is assessed before taking up construction work.

## The increase in non-current assets

In year 2019, non-current assets increased by THB 473 million, mainly because during the current year, the Company changed its accounting policy regarding the measurement and recording of land valuation from a cost method to revaluation method and the measurement and recording of the investment properties from cost method to fair value method in order to reflect market prices of land and investment properties, as a result of which, the net book value of plant and equipment and investment properties (restated) increased from year 2018 by THB 566 million and THB 31 million, respectively. In addition, the Company recorded deferred tax liabilities which arose from the change of its accounting policy as mentioned above, as a result of which, deferred tax assets which included in other non-current assets decreased by THB 80 million. In addition, in year 2019 restricted bank deposits decreased by THB 12 million.

(unit : Million Baht)

	Consolidated financial statements			
	31 Dec. 19	31 Dec. 18	Inc. (Dec.)	% Inc. (Dec.)
<b>Liabilities</b>				
Bank overdraft and short-term loan from financial institution	401.5	0.0	401.5	100.0%
Trade and other payables	1,908.4	1,972.8	(64.4)	-3.3%
Contract liabilities	1,546.7	1,401.7	145.0	10.3%
Short term provision	194.1	243.7	(49.6)	-20.4%
Long term loan	38.4	68.0	(29.6)	-43.5%
Liabilities under finance lease agreements	295.5	322.5	(27.0)	-8.4%
Other liabilities	250.1	202.0	48.1	23.8%
<b>Total liabilities</b>	<b>4,634.7</b>	<b>4,210.7</b>	<b>424.0</b>	<b>10.1%</b>

### Liabilities

As at 31 December 2019, the Company had liabilities totaling THB 4,635 million, an increase of THB 424 million or equivalent to 10.1%, compared to the same as at the end of the year 2018. Most of the increase came from an increase in bank overdraft and short-term loans from financial institutions of THB 401 million. Contract liabilities (advances from customers and deferred construction revenue) increased by THB 145 million. Trade and other payables decreased by THB 64 million, other liabilities increased by THB 48 million, as a result of the change in accounting policy regarding

the record of land and investment properties valuation as explained above, there was an increase in deferred tax liabilities as explained above. Short-term provisions for the estimated expenses for construction projects decreased by THB 50 million due to a reversal of certain expenses for construction that will not be incurred. Furthermore, in year 2019, the Company repaid THB 30 million of certain long term loans, liabilities under finance lease agreements decreased by THB 27 million due to an increase in investment in plant and equipment of THB 111 million and repayments of THB 138 million.

(unit : Million Baht)

	Consolidated financial statements			
	31 Dec. 19	31 Dec. 18 (Restated)	Inc. (Dec.)	% Inc. (Dec.)
<b>Shareholders' equity</b>				
Share capital	1,027.9	1,027.9	-	0.0%
Share Premium	100.0	100.0	-	0.0%
Retained earnings				
Appropriated - statutory reserve	95.3	90.8	4.5	5.0%
Unappropriated	282.4	212.8	69.6	32.7%
Other components of equity	469.6	19.5	450.1	2308.2%
Equity attributable to the Company's shareholders	<b>1,975.2</b>	<b>1,451.0</b>	<b>524.2</b>	<b>36.1%</b>
Premium on sales of investments in subsidiary	21.4	21.4	-	0.0%
Premium on sales of own shares held by subsidiary	68.9	68.9	-	0.0%
<b>Equity attributable to Owners of the Company</b>	<b>2,065.5</b>	<b>1,541.3</b>	<b>524.2</b>	<b>34.0%</b>
Non-controlling interests of the subsidiary	21.2	22.4	(1.2)	-5.4%
<b>Total shareholders' equity</b>	<b>2,086.7</b>	<b>1,563.7</b>	<b>523.0</b>	<b>33.4%</b>

As at 31 December 2019, the shareholders' equity of the Company was THB 2,087 million, an increase from the year 2018 of THB 523 million or equivalent to 33.4%. In the year 2019, the Company had net profit of THB 70 million, increase in revaluation surplus on assets (net of deferred tax) of THB 452 million and there was an Exchange difference on translation of financial statements in foreign currency of THB 1 million.

## Cash Flow Analysis

Cash and cash equivalents at end of year 2019 was THB 182 million, an increase of THB 74 million from balance of THB 108 million at the beginning of the year. Details of cash flow by activities are as follows:

## STATEMENTS OF CASH FLOW For the year ended ended 31 December 2019

(unit : Million Baht)

	Consolidated financial statements		
	2019	2018	Var.Inc. / (Dec.)
Cash from (used in) operating activities	(274.1)	313.6	(587.7)
Interest income	8.5	10.8	(2.3)
Cash paid for interest expenses	(9.6)	(6.9)	(2.7)
Refund of withholding tax deducted at source	382.1	254.2	127.9
Cash paid for income tax	(183.7)	(192.9)	9.2
<b>Net cash from (used in) operating activities</b>	<b>(76.8)</b>	<b>378.7</b>	<b>(455.5)</b>
Cash paid for acquisitions of property, plant and equipment	(90.3)	(66.3)	(24.0)
<b>Net cash from (used in) investing activities</b>	<b>(82.6)</b>	<b>(159.2)</b>	<b>76.6</b>
Bank overdrafts and loans from bank and financial institution	401.5	-	401.5
Cash paid for long term loan and liabilities under financial lease agreements	(168.0)	(184.6)	16.6
Dividend paid	-	(50.3)	50.3
<b>Net cash from (used in) financing activities</b>	<b>235.0</b>	<b>(234.9)</b>	<b>469.9</b>
<b>Increase (decrease) in cash and cash equivalents</b>	<b>74.4</b>	<b>(15.5)</b>	<b>89.9</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>107.6</b>	<b>123.1</b>	<b>(15.5)</b>
<b>Cash and cash equivalents at end of period</b>	<b>181.9</b>	<b>107.6</b>	<b>74.3</b>

Net cash provided by operating activities decreased by THB 456 million, mainly due to a decrease in cash received from advances from customers and deferred construction revenue of THB 541 million from year 2018 of THB 686 million coupled with an increase in tax refund received from the Revenue Department from year 2018 of THB 128 million.

Net cash used in investing activities decreased by THB 76 million, mainly due to a decrease in other investment of THB 104 million which in year 2018, the Company made as a minority equity investment in GECPL as explained above. In year 2019 the Company's purchase of property, plant and equipment was higher by THB 24 million coupled with

a decrease in restricted bank deposits and investments by THB 12 million.

Net cash from financing activities increased from year 2018 by THB 470 million, as the Company and subsidiary company had bank overdraft and short term loan for the Company's working capital in the amount of THB 401 million. There was higher partial repayment of long term loans from financial institutions and liabilities under financial lease agreements in year 2019 as compared to year 2018, lower by THB 17 million since one of the two long term loan agreements was fully repaid in year 2019.

## KEY FINANCIAL RATIOS

		Consolidated financial statements	
		2019	2018 (Restated)
Current Ratio	Times	1.07	1.06
Quick Ratio	Times	0.26	0.32
Average collection period	Days	57.21	75.88
Average Debt service period	Days	102.53	109.61
Return on Equity	%	3.86	(20.79)
Return on Assets	%	1.13	(6.34)
Debt to Equity Ratio	Times	2.22	2.69

In 2019, the ratio of the liquidity of the Company was 1.07 times, which was close to the previous year. The quick ratio was 0.26 times, slightly lower as compared to year 2018, which was 0.32 times. Further, the average days of collection of cash accounts receivable (57 days) and the average debt service period (103 days) were both lower than the previous

year. In year 2019, the Return on Equity and Return on Assets were higher than year 2018, at 3.86% and 1.13%, respectively. Debt to Equity Ratio was 2.22 times, lower as compared to year 2018 (2.69 times) mainly due to the higher equity as explained above..







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