

# ANNUAL REPORT 2017

CHO THAVEE PUBLIC COMPANY LIMITED



[www.cho.co.th](http://www.cho.co.th)



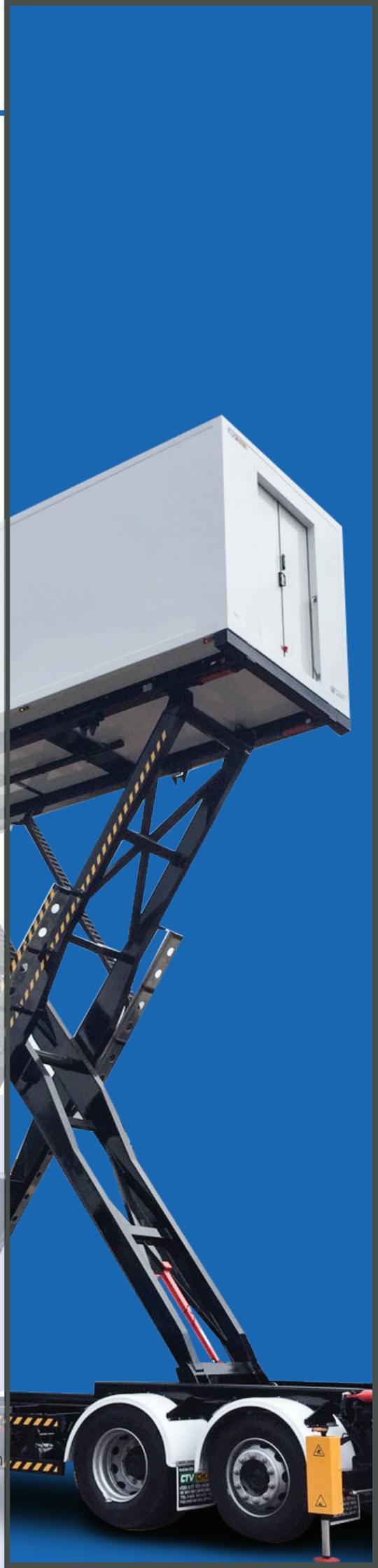
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## Definition

The Company	imply	Cho Thavee Public Company Limited.
and CTV-CHO	imply	Cho Thavee Thermotech Co., Ltd.
CTV-TMT	imply	Cho Thavee Thermotech Co., Ltd.
CTV-1993	imply	KhonKaen Cho Thavee (1993) Co., Ltd.
DOLL	imply	DOLL Fahrzeugbau GmbH
SET	imply	The Stock Exchange of Thailand
SEC	imply	Securities and Exchange Commission
TSD	imply	Thailand Securities Depository Company Limited

Investors may find more information about Cho Thavee Public Company Limited, at Form 56-1 available at [www.sec.or.th](http://www.sec.or.th) or website of the company at [www.cho.co.th](http://www.cho.co.th)



# Vision and Mission

## Vision

### **CHO 2023 STRONG BRAVE DIFFERENT**

The Company is aiming to become the leader in designing, creating, and manufacturing innovative world-class technology professional management and unique knowledge by using to reach the excellence, building customer's confidence and satisfaction with consciousness in corporate social responsibilities and environmental concerns. The Company's target is to proudly supply quality products under the name CHO as a world-class brand. And to create the happiness to the partners, as well as to enhance our competitiveness to become the leader of innovative technology for the sake of Thailand.

## Mission

- To build unique knowledge of CHO and a professional development
- To increase recognition, awareness and confidence in the brand CHO.
- To produce a great variety of safe and user friendly products and services which are not only sustainable but environmental friendly as well.
- To create happiness for our employees and stakeholders.
- To search and constantly develop new technology.
- To achieve excellence in finance and marketing.
- To continue receive Quality award and National Innovation Agency award as well as Petty Patents not less than 5 projects per annum.
- To build the identity of "CHO" species.



## Unique

**C** = Creativity to drive innovative developments

**H** = High Performance Organization under Good Governance

**O** = One of a kind and identity of "CHO" species

## Identity

**"STRONG, BRAVE AND DIFFERENT"**



# Message from the Chairman of the Board of Directors

According to CHO's operation plan, we have a growing up plan along with our development and product design for 10-year advance planning (from 2013 to 2023) with annual reviews and updates. CHO is on the way to rail system business, we have submitted tender documents for 2 projects of Khon Kaen City Development in the installation of Light Rail Transit system in the category of Tram and transit oriented development including: 1. Civil work with system installation, 2. Project System Management.

As you may know, development of rail system has been assigned to be the national policy, it will be part of transportation systems of Thailand development and the business related to rail systems will be developed widely. CHO will be a part and expand to the rail systems business. Meanwhile, the main business of CHO divided into 3 groups as following:

1. Standard Product, which is still being developed together with our customers. There are continued orders, and the company focus on this standard product developed to suite for each Customer need.

2. Special Design Product, for the aviation business in 2018, despite there is no airport expansion plan, but CHO have orders for replacement and also from new customers which cause continued order. Special Design Product still got interest from our customers, in addition, CHO have plan for expand to new customers and also to submit bids, so the year 2018 is still be the year of growing.

3. Project Management and Services, this group has been focused on expansion since 2016, as can be seen in project management orders we received, and our vehicle service center expansion policy to gain revenue of projects with more than 1 year agreement period.

Besides, CHO has its advance plan to 2023 in business and product expansion, especially vehicle 24 hours service center, which will make CHO revenue more stable.

The Board of Directors, Executives and Staff intent to continue develop and expand our business. It is constantly our policy to make CHO gain more sustainable revenues and profits for benefits of shareholders and stake holders.



and Staff "CHO species", we promise to work with Strong, Transparency, and having development for good things with audit ability, as well as to maintain CHO species characteristic "Strong Brave and Different". The Board of Directors, Executives and Staff would like to thank you all shareholders for giving trust and continued invest in CHO. We commit to drive for the company growth, we will strictly check and control for costs and expenses to meet the highest benefits of the company.

(Ms. Phenphimol Vejvarut)  
Chairman of the Board of Director

On behalf of the Board of Directors, Management

# Message from the President and Chief Executive Officer



In 2017, CHO's performance during quarter 2 to quarter 4 is satisfactory as profit was rising steady. In 2018, CHO continues to get orders from both domestic and overseas customers, including bidding which various government sector trusted on CHO. It caused our backlog valued more than 4,000 million Baht which is the highest figure we ever have since starting the business.

The company's export markets still have a bright prospect because we expand to new Airlines business markets located in North America and South America, which are aviation markets related directly to CHO's product.

We have succeeded in creating innovative products we created, such as SMART CITY BUS Project which now began to spread to many provinces, starting in Chiang Mai in 2018.

In the late 2017, like all years ago, we have reviewed the company' strategic plan named CHO 2023, which we do for more than 4 consecutive years. It is a plan to lead the company to be the cooperate governance with sustainable growth, such plan included short-term, medium and long-term plan. We not only focus on the company business but also economic, social and environmental. We insist that we will strictly perform as the roadmap CHO 2023 Strong, Brave and Different, that will lead all parties (shareholders, staff, suppliers and stakeholders) toward the goal with the highest benefit together.

(Suradech Taweesaengsakulthai)  
President and Chief Executive Officer

# Audit Committee's Report

## Attention to Shareholders:

The audit committees of Cho Thavee Public Company Limited (the Company) comprising of three independent directors who are competency, independent, knowledgeable and experienced in the field of economics, social, political including the knowledge concerning the defining of strategy and organization management in the field of engineering, financial, accounting and taxation, corporate good governance, risk management and business auditing. With the above mentioned knowledge, supported to the audit committees in performing their duties with effectiveness, Mr. Anusorn Tamajai Chairman of the audit committees, Mr. Asa Prateepasen and Mr. Chatchawan Triamvicharnkul are the member of audit committees.

The audit committees perform the duties according to the responsibilities assigned by the Company's Board of Directors and to the designed charter of the audit committees. During 2017's, there were 9 meetings of the audit committees. All of the audit committees attend the meeting as the detail. Moreover, the audit committees have invited the executive, the external auditor, the internal auditor, the legal department and the risk management department to attend the meeting appropriately. The details of the meetings are as follows.

The audit committees	The number of participation/The number meeting
Mr. Anusorn Tamajai	9/9
Mr. Asa Prateepasen	9/9
Mr. Chatchawan Triamvicharnkul	9/9

The audit committees have considered many matters which can be summarized as follows:

1. To consider and review quarterly financial statements, financial statements for the year 2017 of CHO and its subsidiaries including the CHO's joint venture to meet with the general accepted accounting principles, accounting standard, and the basis of the changes in significant accounting principles, including the disclosure of important information and necessary for the decision making of the users of financial statements as accurately, adequately, and being on time.
2. To review CHO in order to commit to the accounting standard in accordance with all of the announcements from Accounting Profession Council, and the practice conformed to the legal and the regulations of The Securities and Exchange Commission ("SEC") and/or The Stock Exchange of Thailand ("SET"), including other related law which remains in forced with CHO's business as accurately and completely.
3. To review the related transactions between CHO, the shareholders, its subsidiary and the related company, including CHO's joint venture, for the assurance that the related transactions were the transactions operated in accordance with normal business condition, without the transmission of benefits and operated for the ultimate benefit of CHO.
4. To review and ensure that CHO having transparent, efficient and appropriate internal control systems and internal auditing, by following up on the performance of the internal audit department complied to the profession standard as independently and efficiency. Also, to give an advice in order to perform the business operation complying with the rules, regulations and CHO's policy. Including reasonably assuring for the appraisal of CHO's internal controls are sufficiency and appropriately.
5. To consider and review the policy and operational manual, including the internal audit department's operation plan having the performance covered roles and responsibilities of audit committees. Also to support the internal auditor developments in order to have quality operation according to the global standards.



6. To review on the adequate and the appropriate risk management system of CHO by having the quarterly meeting with the Chief of Risk Management Officer, for the consideration of designating audit plan and audit operation of existing risk (Risk based Audit).

7. To support and supervise CHO having the operation complied with safety standard and taking good care of the environmental conditions of the production factory, repair and maintenance center, as well as the surrounding society and community. Also, to support and supervise CHO having the operation complied with Good Corporate Governance and Anti-Corruption policy.

8. To consider selecting the appointment of the auditor for the year 2017, and offering the appropriate remuneration accordance with the performance and responsibility, to Price Waterhouse Cooper ABS Co., Ltd. (“PwC”). There were quarterly independently meeting between the auditor and the audit committees, without the attendance of the company’s executives or officers, in order to discuss the problems from reviewing the financial statements, and promptly resolve the significant matters, also, confirming the independency of the audit committees’ operation.

9. To develop the audit committees’ operation by reviewing on the charters of audit committees in corresponding with rules and regulations of SEC and SET, including the Good Corporate Governance policy of CHO, for the assurance of the shareholders, the creditors, the suppliers, and the customers, including the other stakeholders of CHO, that CHO performed complied with the regulations and under code of conduct, and maintain the efficiency internal control. To have the self-assessment on the performance in order to acknowledge the output, including the problems for further improving and correcting the performance of audit committees and all parties concerned. The basis of the assessment based on the consideration whether each of the matter has been done and in what degree of effective. During the year 2017, the performance appraisal was in the basis of good to very good. Furthermore, the audit committees have attended the training and seminar as appropriately, in order to develop and support knowledge and ability of the audit committees concerning on the accounting standard, Good Corporate Governance, internal control system, internal auditing, and risk management.

10. To recommend and advise for improvement of the operation by assigning management team to analysis controlled and uncontrolled expenses, and the team have to prepare proper plan and measure. The audit committees have followed CHO’s operation during the year 2017 according to the scope of authorities and responsibilities. The audit committees would like to express the opinion that CHO’s financial reports were prepared accurately with significantly complied with the general accepted accounting principles. There was the disclosure of sufficient information about the related transactions or the transactions which may cause the conflict of interest. There were the internal controls and the risk managements in appropriated with business conditions. There were the operations in compliance with laws, SET regulations, and the related laws as accurately and completely, including to the practice of Good Corporate Governance for listed company in SET.



(Mr. Anusorn Thammajai)  
Chairman of the audit committees  
February 23, 2018



1.

**Ms. Phenphimol Vejvarut**

- Board of Directors, Chairman

2.

**Mr. Suradech Taweesaengsakulthai**

- Director  
- Authorized Directors  
- Executive Committee, Chairman  
- President and Chief Executive Officer  
- Boards Secretary

6.

**Ms. Asana Taweesaengsakulthai**

- Independent Director  
- Audit Committee  
- Corporate Governance,  
Risk Management, Nomination and  
Compensation Committee

7.

**Mr. Siriwat Taveesaengsakulthai**

- Director  
- Corporate Governance,  
Risk Management, Nomination and  
Compensation Committee  
- Executive Director

# of Directors



3.

**Mr. Anusorn Tamajai**

- Independent Director
- Audit Committees, Chairman

4.

**Mr. Chatchawan Triamvicharnkul**

- Independent Director
- Audit Committee
- Chairman of Corporate Governance, Risk Management, Nomination and Compensation Committees

5.

**Mr. Asa Prateepasen**

- Independent Director
- Audit Committee
- Corporate Governance, Risk Management, Nomination and Compensation Committee

# The Executives Committee



**1. Mr. Suradech Taweesaengsakulthai**

President and Chief Executive Officer

**2. Ms. Asana Taweesaengsakulthai**

Senior Vice President

**3. Ms. Somnuk Sangin**

Vice President



**4. Mr. Nititorn Deumpai**  
Chief Financial Officer

**5. Mr. Prasobsuk Boonkwan**  
Chief Business Development Officer - Domestic

**6. Mr. Sven Markus Gaber**  
Chief Marketing Officer - Overseas

**7. Mr. Nopparat Sangsawang**  
Chief Production Officer

**8. Mr. Apichai Chumsri**  
Chief Risk Management Officer

**9. Mr. Nirut Sumongkol**  
Chief Design Engineering Officer

**10. Mr. Padungdetch Eusasookkul**  
Chief Business Development Officer - Overseas

**11. Mr. Bamrung Chinsombat**  
Chief Service Officer

**12. Mr. Sakarin Unnim**  
Chief Marketing Officer - Domestic

**13. Mr. Chatchai Kantawirut**  
Chief Organizational Effectiveness Officer

## Board of Directors, Executives and Company Secretary's Information



### Ms. Phenphimol Vejvarut

- Board of Directors, Chairman

Appointment date : November 14, 2013

Age : 56 years old

#### Education and Training :

- Diploma, Faculty of Accountancy, Bangkok Business College
- Certificate, Thai Institute of Directors
- Director Accreditation Program (DAP) SET/2012

Shareholding in the company: 0.028%

Stake in the company of their spouses and minor children : none

#### Work Experiences :

2013 - Present: Chairman  
Cho Thavee Public Company Limited

Other listed companies : none

#### Non-listed companies :

1989 - Present: Director  
Bangkok CTV Intertrade Co.,Ltd.  
1967 - Present: Managing Partner  
Tang Hua Singh Nakhon Pathom  
Ltd. Part.



### Mr. Suradech Taweesaengsakulthai

- Director  
- Authorized Directors  
- Executive Committee, Chairman  
- President and Chief Executive Officer  
- Boards Secretary

Appointment date : November 18, 1994

Age : 51 years old

#### Education and Training :

- Diploma, Automotive Engineering, Yomiuri Rikosem College, Japan
- Faculty of Business Administration, Sanno University, Japan
- Certificate, Thai Institute of Directors

• Director Accreditation Program (DAP), class 82/2010

Shareholding in the company: 37.840%

Stake in the company of their spouses and minor children : none

#### Work Experiences :

1995 - at Present : Director, Executive Committee, Chairman, President and Chief Executive Officer,  
2015 - at Present : Boards Secretary  
Cho Thavee Public Company Limited

Other listed companies : none

#### Non-listed companies :

2005 - Present: Director, Cho Thavee Thermotech Co., Ltd.  
2017 - Present: Director, KKTT Holding Co., Ltd.  
2016 - Present: Director, Joint Venture TSP-CTV  
2015 - Present: Chairman of the Company's director  
KHON KAEN THINK TANK Co., Ltd.  
2015 - Present: Director, JVCC Joint Venture  
2012 - Present: Dean for Management  
Colage of Local Administration, KKU  
1996 - Present: Director, A P S Multi-Trade Co., Ltd.  
1990 - Present: Director, KhonKaen Cho Thavee (1993) Co, Ltd.  
1977 - Present: Director  
KhonKaen Cho Thavee Limited Partnership  
1990 - Present: Director, Thaveesaengthai Co., Ltd.





## Mr. Anusorn Tamajai

- Independent Director

- Audit Committees, Chairman

Appointment date : October 12, 2012

Age : 51 years old

### Education and Training :

- Doctorate Degree, International Economics, Finance and Development, Fordham University New York, USA
- Master Degree, Faculty of Business Administration, Southeastern University
- Master Degree, Faculty of Economics, Fordham University New York, USA
- Bachelor Degree, Faculty of Politics (Honorary) Chulalongkorn University
- Bachelor Degree of Laws, Second Degree (2 years), Thammasat University
- Certificate, Thai Institute of Directors
  - Director Certification Program (DCP) class 28/2003
  - Strategy and Policy Development By IOD
  - Audit Committee Program (ACP) By IOD
  - Role of the Chairman Program (RCP) By IOD
  - Role of the Compensation Committee (RCC) By IOD
  - Financial Statement for Directors (FSD) By IOD
  - Monitoring the System of Internal Control and Risk Management (MIR) By IOD
  - Monitoring the Quality of Financial Reporting (MFR) By IOD
  - Top executives of state enterprise program (PDI) class 2 by King Prajadhipok's Institute
  - How New Foreign Bribery Laws Affect Companies in Thailand By IOD

Shareholding in the company: none

Stake in the company of their spouses and minor children : none

### Work Experiences :

2013 - Present : Independent Director and Audit Committee, Chairman  
Cho Thavee Public Company Limited

Other listed companies : none

### Non-listed companies :

2015 - Present : Director, Bangchak Bioethanol (Chachoengsao) Co., Ltd.

2015 - Present : Director, Ubon Bio Ethanol Co., Ltd.

2013 - Present : Vice President of Research and Academic Service, Rangsit University

2007 - Present : Dean of the Faculty of Economics Rangsit University

2007 - Present : Director, Freedom Media for Reform Co., Ltd.



## Mr. Chatchawan Triamvicharnkul

- Independent Director
- Audit Committee
- Chairman of Corporate Governance, Risk Management, Nomination and Compensation Committees

Appointment date : February, 26 2013

Age : 53 years old

### Education and Training :

- Master Degree in Business Administration (Finance), National Institute of Development Administration (NIDA)
- Higher Diploma in Auditing (Accounting Examination) Chulalongkorn University
- Bachelor Degree, Business Administration, Programme (Accounting) Ramkhamhaeng University
- Certified Public Accountant (CPA)
- Certified Professional Internal Audit of Thailand (CPIAT), the Institute of Internal Auditors of Thailand
- CFO Certification Program, the Federation of Accounting Profession (FAP)
- Certificate, Thai Institute of Directors
  - How to develop Risk Management (HRP) class 07/2015
  - Director Certification Program (DCP) class 174/2013
  - Audit Committee Program (ACP) class 2/2004
  - Director Accreditation Program (DAP) class 20/2004
- Seminar held by IOD and SET
  - Collective Action Coalition Against Corruption (CAC)
  - CG Forum 1 - 4/2014
  - CGR Scorecard Workshop
  - Research Alliance Dialogue on Corporate Governance 2014
  - R-ACF 1/2016 By IOD
  - Ethical Leadership program (ELP) 3/2016

Shareholding in the company: none

Stake in the company of their spouses and minor children : none

### Work Experiences :

2014 - Present: Chairman of Corporate Governance, Risk Management, Nomination and Compensation Committees

Cho Thavee Public Company Limited

2013 - Present: Independent Director and Audit Committee

Cho Thavee Public Company Limited

### Other listed companies :

2017 - Present : Independent Director and Audit Committee,

Corporate Governance Committee, Chairman Star Universal Network Public Co., Ltd.

2015 - Present : Independent Director and Audit Committee

Apex Development Public Co., Ltd.

### Non-listed companies :

2014 - Present : Managing Director

Smart Consulting and Services Co.,Ltd





## Mr. Asa Prateepasen

- **Independent Director**  
**Corporate Governance,**
- **Risk Management, Nomination**  
**and Compensation Committees**
- **Audit Committee**

Appointment date : October 12, 2012

Age : 57 years old

Education and Training :

- Doctorate Degree in Engineering, System Engineering Brunel University, United Kingdom
- Master Degree in Engineering, Mechanical, King Mongkut's University of Technology Thonburi
- Bachelor Degree in Engineering, Industry, King Mongkut's University of Technology Thonburi
- Bachelor Degree in Economics, Fiscal, Ramkhamhaeng University
- Certificate, Thai Institute of Directors
  - Monitoring fraud risk management ( MFM) class 8/2012
  - Monitoring the quality of financial report ( MFR) class 15/2012
  - Monitoring the system of internal control and risk management ( MIR) class 13/2012
  - Monitoring the internal audit function ( MIA) class 13/2012
  - Audit committee program ( ACP ) class 39/2012
  - Understanding fundamental financial statement class 11/2007
  - Finance for Non-finance-director ( FND ) class 37/2007
  - Director certification program ( DCP) class 94/2007

Shareholding in the company: none

Stake in the company of their spouses and minor children : none

Work Experiences :

- 2014 -Present : Corporate Governance, Risk Management, Nomination and Compensation Committees  
Cho Thavee Public Company Limited
- 2012-Present : Independent Director  
and Audit Committee  
Cho Thavee Public Company Limited

Other listed companies : none

Non-listed companies :

- 2014 - Present : Professor  
King Mongkut's University of Technology, Thonburi



## Ms. Asana Taweasangkulthai

- Director
- Authorized Directors
- Executive Director
- Senior Vice President

Appointment date : August 15, 1995  
Age : 63 years old

### Education and Training :

- Bachelor Degree, Faculty of Humanities, Ramkhamhaeng University
- Certificate, Thai Institute of Directors
  - Director Accreditation Program (DAP) SET/2012

Shareholding in the company: 3.326%  
Stake in the company of their spouses and minor children : none

### Work Experiences :

1995 - Present: Director, Executive Director  
Senior Vice President  
Cho Thavee Public Company Limited

Other listed companies : none

### Non-listed companies :

2005 - Present : Director, Cho Thavee Termotech Co., Ltd.  
2016 - Present : Director, Joint Venture TSP-CTV  
2016 - Present : Director, JVCE Joint Venture  
2016 - Present : Director, LeKise & Cho Thavee Joint Venture  
2016 - Present : Director, JVCKK Joint Venture  
2016 - Present : Director, JVOPV Joint Venture  
2009 - Present : Director, O J Development Co., Ltd.  
1992 - Present : Director, Volrep Truck and Bus Co., Ltd.



## Mr. Siriwat Taweasangkulthai

- Director
- Corporate Governance,
- Risk Management, Nomination and Compensation Committee
- Executive Director

Appointment date : October 12, 2012  
Age : 39 years old

### Education and Training :

- Master Degree in Management, Brunel University
- Bachelor Degree in Economics, Risho University
- Certificate, Thai Institute of Directors
  - Director Accreditation Program (DAP) class 82/2010

Shareholding in the company: none  
Stake in the company of their spouses and minor children : none

### Work Experiences :

2014 - Present : Corporate Governance,  
Risk Management, Nomination and Compensation Committees  
Cho Thavee Public Company Limited  
2012 - Present : Director, Executive Director  
Cho Thavee Public Company Limited

Other listed companies : none

### Non-listed companies :

2017 - Present : Director, Thaveesaengthai Nongrue Rice Mill Ltd., Part.  
2012 - Present : Director, General Manager  
Ruamthavee KhonKaen Co., Ltd.  
2011 - Present : Director  
Ruamthavee Motor Sales Co., Ltd.  
1984- Present : Director, Cho Ruamthavee Leasing and Real Estate Co., Ltd.





## Ms. Somnuk Sangin

- Executive Director  
- Vice President

Appointment date : November 26, 2014

Age : 58 years old

Education and Training :

- Master Degree, Faculty of Business Administration, Mahanakorn University of Technology
- Bachelor Degree, Faculty of Business Administration, Accounting, Ramkhamhaeng University
- Director Accreditation Program (DAP) class SEC/ 2013
- Company Secretary Program (CSP) class 20/2006
- Code of Conduct by SET/ 2007

Shareholding in the company: 0.006%

Stake in the company of their spouses and minor children : none

Work Experiences :

2014 - Present : Vice President

2014 - Present : Executive Director  
Cho Thavee Public Company Limited

Other listed companies : none

Non-listed companies :

2014 - Present : Special Lecturer, Sukhothai Thammathirat Open University



## Mr. Nititorn Deeumpai

- Executive Director  
- Chief Financial Officer  
- Secretary of Corporate Governance, Risk Management, Nomination and Compensation Committees

Appointment date : April 3, 2014

Age : 48 years old

Education and Training :

- Master Degree, Business Administration (Industrial Management) Ramkhamhaeng University
- Bachelor of Accounting (B.B.A), Faculty of Accountancy, Dhurakij Pundit University
- Director Certification Program (DCP) class 192/ 2014
- Anti-Corruption for Executive Program class 3/2014
- Anti-Corruption The Practical Guide ACPG 23/2015

Shareholding in the company : 0.0006%

Stake in the company of their spouses and minor children : none

Work Experiences :

2014- Present : Executive Director  
Chief Financial Officer  
Cho Thavee Public Company Limited

2014- Present : Secretary of Corporate Governance, Risk Management, Nomination and Compensation Committees  
Cho Thavee Public Company Limited.

Other listed companies : none

Non-listed companies :

2017 - Present : Executive Director and Treasurer  
MAI Listed Company Association



## Mr. Prasobsuk Boonkwan

- Executive Director
- Chief Business Development Officer-Domestic

Appointment date : June 1, 2011

Age : 50 years old

Education and Training :

- Bachelor Degree, Faculty of Business Administration  
Ramkhamhaeng University

Shareholding in the company: 0.001%

Stake in the company of their spouses and minor children : none

Work Experiences :

- 2015 - Present : Chief Business Development Officer  
- Domestic  
Cho Thavee Public Company Limited
- 2012- Present : Executive Director  
Cho Thavee Public Company Limited

Other listed companies : none

Non-listed companies :

- 2015-Present : Director  
Cho Thavee Termotech Company Limited.



## Mr. Sven Markus Gaber

- Executive Director
- Chief Marketing Officer - Overseas

Appointment date : June 1, 2011

Age : 50 years old

Education and Training :

- Bachelor Degree in Engineering,  
Mechanical, DAA-Thchnikum  
Gemeinnuetzige Wuerzburg University  
(GMBH)

Shareholding in the company: none

Stake in the company of their spouses and minor children : none

Work Experiences :

- 2012 - Present : Executive Director  
Cho Thavee Public Company Limited
- 2011- Present : Chief Marketing Officer-Oversea  
Cho Thavee Public Company Limited

Other listed companies : none

Non-listed companies : none





## Mr. Nopparat Sangsawang

- Executive Director
- Chief Production Officer

Appointment date : June 1, 2011

Age : 50 years old

### Education and Training :

- Master Degree, Faculty of Business Administration, Ramkhamhaeng University
- Bachelor Degree, Production Engineering, King Mongkut's University of Technology Thonburi

Shareholding in the company: 0.011%

Stake in the company of their spouses and minor children : none

### Work Experiences :

2012 - Present : Executive Director  
Cho Thavee Public Company Limited

2011 - Present : Chief Production Officer  
Cho Thavee Public Company Limited

Other listed companies : none

### Non-listed companies :

2016 - Present : Director, JVCKK Joint Venture

2016 - Present : Director, JVOPV Joint Venture

2016 - Present : Director, JVCC Joint Venture

2015 - Present : Director, KhonKaen Cho Thavee (1993) Co., Ltd.

2015 - Present : Director  
O J Development Co., Ltd.



## Mr. Apichai Chumsri

- Executive Director
- Chief Risk Management Officer

Appointment date : June 4, 2013

Age : 49 years old

### Education and Training :

- Bachelor Degree of Science in Technical Education Program in Industrial Engineering Welding Fabrication.
- Rajamangala University of Technology IsanKhonkaenCampus.Certificate, MINI MBA Kasetsart University, Si Racha Campus.
- HOW TO DEVELOP A RISK MANAGEMENT PLAN HRP 9/2016 by IOD
- Strategic Risk Management by THAILAND PRODUCTIVITY INSTITUTE

Shareholding in the company: 0.005%

Stake in the company of their spouses and minor children : none

### Work Experiences :

2013 - Present : Executive Director  
Cho Thavee Public Company Limited

2013 - Present : Chief Risk Management officer  
Cho Thavee Public Company Limited

Other listed companies : none

Non-listed companies : none



## Mr. Nirut Sumongkol

- Executive Director
- Chief Design Engineering Officer

Appointment date : June 4, 2013

Age : 52 years old

Education and Training :

- Bachelor Degree of Science in Technical Education (Electrical Engineering), Faculty of Technical Education, Rajamangala University of Technology Isan, Khonkaen Campus.

Shareholding in the company: 0.015%

Stake in the company of their spouses and minor children : 0.003%

Work Experiences :

- 2013 - Present : Executive Director  
Cho Thavee Public Company Limited
- 2013 - Present : Chief Design Engineering Officer  
Cho Thavee Public Company Limited

Other listed companies : none

Non-listed companies : none



## Mr. Padungdetch Euasookkul

- Executive Director
- Chief Business Development Officer-Overseas

Appointment date : July 21, 2015

Age : 46 years old

Education and Training :

- Bachelor Degree, Faculty of Business Administration, Business Administration, Ramkhamhaeng University

Shareholding in the company: 0.0006%

Stake in the company of their spouses and minor children : 0.028%

Work Experiences :

- 2015 - Present : Executive Director,  
Chief Business Development Officer-Overseas  
Cho Thavee Public Company Limited

Other listed companies : none

Non-listed companies : none





## Mr. Bamrung Chinsombat

- Executive Director
- Chief Service Officer

Appointment date : July 21, 2015

Age : 64 years old

Education and Training :

- Bachelor Degree, Faculty of Economics, Financial matters, Chulalongkorn University

Shareholding in the company: none

Stake in the company of their spouses and minor children : none

Work Experiences :

2015 - Present : Executive Director,  
Chief Service Officer  
Cho Thavee Public Company Limited

Other listed companies : none

Non-listed companies : none



## Mr. Sakarin Unnim

- Executive Director
- Chief Marketing Officer-Domestic

Appointment date : July 21, 2015

Age : 48 years old

Education and Training :

- Master Degree, Faculty of Business Administration (M.B.A), Dhurakijpundit University
- Bachelor Degree, Faculty of Business Administration (B.B.A.), Dhurakijpundit University

Shareholding in the company: 0.010 %

Stake in the company of their spouses and minor children : none

Work Experiences :

2015 - Present : Executive Director,  
Chief Marketing Officer-Domestic  
Cho Thavee Public Company Limited

Other listed companies : none

Non-listed companies : none



**Mr. Chatchai Kantawirut**  
**- Executive Director**  
**- Chief of Organizational Excellence**

Appointment date : January 1, 2016  
 Age : 38 years old

**Education and Training :**

- Bachelor Degree, Industrial Technology, Rajamangala University of Technology ISAN Khon Kaen Campus
- TQA Criteria class 2/2016 and class 9/2014 By ftpi
- TQA Application Report Writing class 4/2016 and class 3/2014 By ftpi
- TQA Internal Organization assessment class 3/2016 By ftpi
- TLS8001-2010 class 4/2012 By Department of Labour protection and Welfare Ministry of Labour
- Risk-based thinking for ISO 9001:2015 2015 By TUV nord
- QMS ISO 9001:2015 Requirement Interpretation 2016 By TUV nord
- QMS Internal audit for ISO 9001:2015 2016 By TUV nord

Shareholding in the company: 0.0002 %  
 Stake in the company of their spouses and minor children : none

**Work Experiences :**

2017 - Present : Executive Director,  
 Chief of Organizational Excellence  
 Cho Thavee Public Company Limited

Other listed companies : none

Non-listed companies : none



**Ms. Yinghathai Ponphangnga**  
**- Company Secretary**

Appointment date : June 1, 2011  
 Age : 42 years old

**Education and Training :**

- Master Degree, Faculty of Business Administration, KhonKaen University
- Bachelor Degree, Faculty of Business Administration, Accounting, North Eastern University
- Director Accreditation Program (DAP) class SEC/ 2013
- Effective Minute Taking (EMT) class 26/2013
- Company Secretary Program (CSP) class 48/2012

Shareholding in the company: 0.017 %  
 Stake in the company of their spouses and minor children : none

**Work Experiences :**

2013 - Present : Company Secretary  
 Cho Thavee Public Company Limited  
 2013 - Present : Secretary of President  
 and Chief Executive Officer  
 Cho Thavee Public Company Limited  
 2013 - Present : Head of Import-Export  
 Cho Thavee Public Company Limited

Other listed companies : none

Non-listed companies : none



Details of Directors Management, Controlling Persons and Company and Company Secretary as at December 31, 2017

List	CHO	Sub-sidiary	The Related Companies																			
			1	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19
<b>Board of Director</b>																						
Ms. Phenphimol Vejvarut	X						/				/											
Mr. Suradech Taweesaengsakulthai	/, XX	/	/	/	/				/		/	/	/	/	/	/	/	/	/	/	/	/
Ms. Asana Taweesaengsakulthai	/, //	/	/							/				/	/	/	/	/	/			
Mr. Siriwat Taveesaengsakulthai	/, //				/			/	/											/		
Mr. Anusorn Tamajai	/																					
Mr. Asa Prateepasen	/																					
Mr. Chatchawan Triamvicharnkul	/																					
<b>Executive Committee and Management</b>																						
Ms. Somnuk Sangin	//																					
Mr. Nititorn Deeumpai	//																					
Mr. Prasobsuk Boonkwan	//	/																				
Mr. Sven Markus Gaber	//																					
Mr. Nopparat Sangsawang	//	/								/		/					/	/				
Mr. Apichai Chumsri	//																					
Mr. Nirut Sumongkol	//																					
Mr. Padungdetch Euasookkul	//																					
Mr. Bamrung Chinsombat	//																					
Mr. Sakarin Unnim	//																					
Mr. Chatchai Kantawirut	//																					
<b>Company Secretary</b>																						
Ms. Yinghathai Ponphangnga																						

Annotation

X = Chairperson of the Company  
 / = Board of Director  
 XX = Chief Executive Officer  
 // = Executive Director  
 CHO = Cho Thavee Plc.

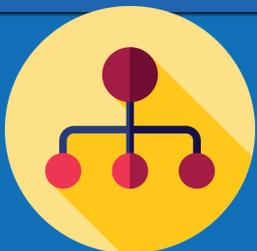
Subsidiary

1. Cho Thavee Thermotech Co., Ltd.

Related Companies

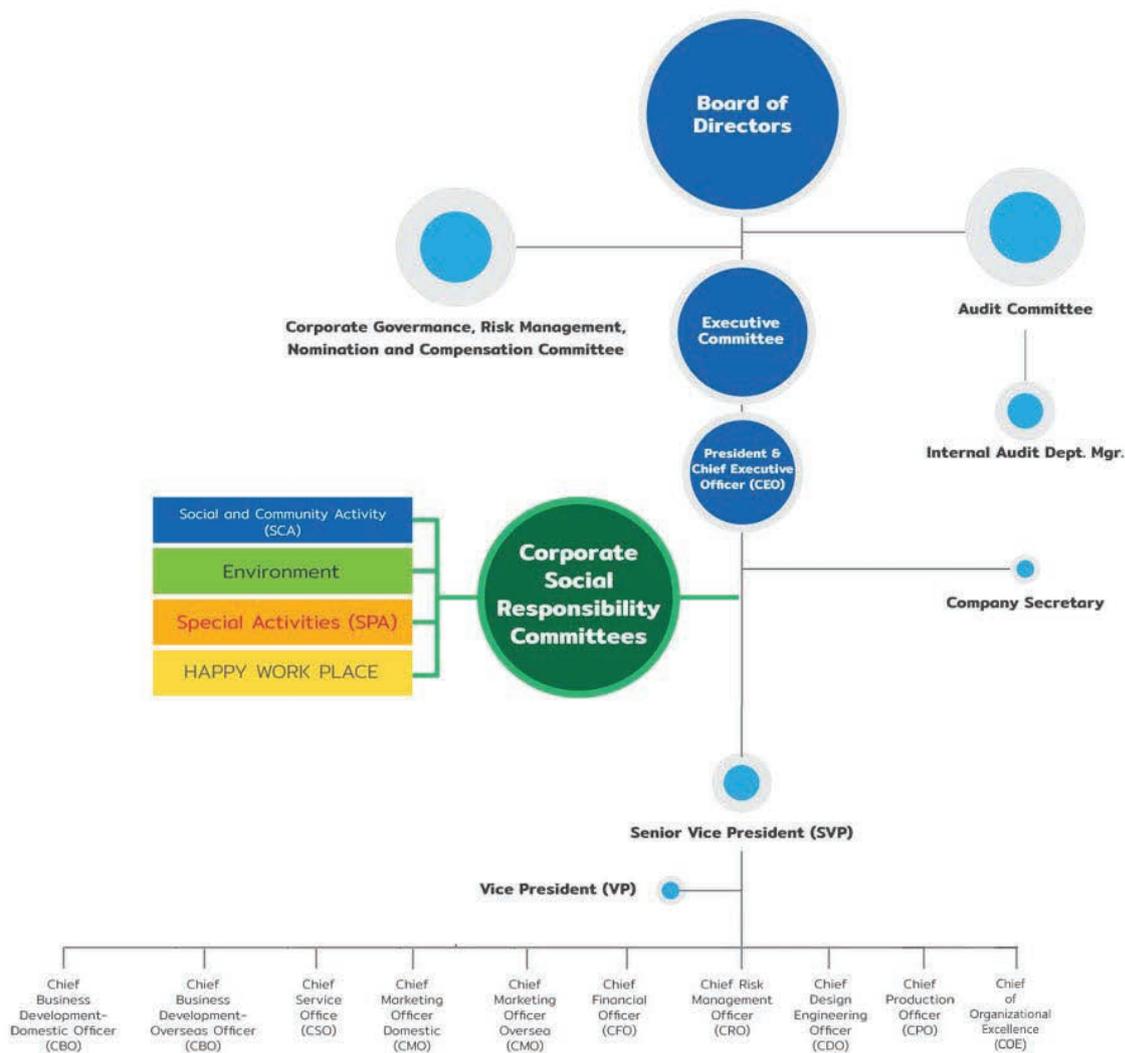
1. KhonKaen Cho Thavee (1993) Co., Ltd.
2. Volrep Truck and Bus Co., Ltd.
3. KhonKaen Cho Thavee Ltd., Part.
4. Cho Ruamthavee Leasing and Realestate Co., Ltd.
5. Chia EamSeng Co., Ltd.
6. Bangkok CTV Intertrade Co., Ltd.
7. RuamthaveeKhonKaen Co., Ltd.
8. Ruamthavee Motor Sales Co., Ltd.
9. A P S Multi-Trade Co., Ltd.
10. O J Development Co., Ltd.
11. Tang Hua Sing NakhonPathom Ltd. Part.
12. KHON KAEN THINK TANK Co., Ltd.
13. JVCC Joint Venture
14. JointVentureTSP-CTV
15. JVCEJointVenture
16. LeKise& Cho Thavee Joint Venture
17. JVCKK Joint Venture
18. JVOPV Joint Venture
19. Thaveesaengthai Nongrue Rice Mill Ltd., Partnership
20. KKTT Holding Co., Ltd.

# Managerial Structure



# The Managerial Structure

The company's managerial structure as at December 31, 2017, comprises of 5 committees which are: The Board of Directors, The Audit Committee, The Corporate Governance, Risk Management, Nomination and Compensation Committees, The Executive Committee and CSR Committee with the details as follows:



# 1 Committee

## 1.1 The Board of Directors

As at December 31, 2017, the company has 7 directors comprising of:

Name	Position
1. Ms. Phenphimol Vejvarut	Chairman
2. Mr. Suradech Taweesaengsakulthai	Director
3. Mr. Anusorn Tamajai	Independent Director / Chairman of Audit Committee
4. Mr. Chatchawan Triamvicharnkul	Independent Director / Audit Committee
5. Mr. Asa Prateepasen	Independent Director / Audit Committee
6. Ms. Asana Taweesaengsakulthai	Director
7. Mr. Siriwat Taveesangkulthai	Director

With Mr. Suradech Taweesaengsakulthai is the Board of Director's secretary

The authorized persons with the signature on behalf of the company : Mr. Suradech

Taweesaengsakulthai signs with Ms. Asana Taweesaengsakulthai, and affixed with the company's seal.

The limitation of the directors' authority : none

## 1.2 Audit Committee

As at December 31, 2017, the company's audit committee has 3 persons comprising of:

Name	Position
1. Mr. Anusorn Tamajai	Chairman of the audit committee
2. Mr. Chatchawan Triamvicharnkul	Audit committee
3. Mr. Asa Prateepasen	Audit committee

*Remarks : Audit committee who has knowledge and experiences for reviewing the reliability of the financial statements, is Mr. Chatchawan Triamvicharnkul, who graduated with The Certificate in Higher Diploma in Auditing (Accounting Examination) Chulalongkorn University, and Bachelor's degree in Business Administration (Accounting) from Ramkhamhaeng University.*

With Mrs. Apsorn Suriyar is the secretary to the audit committee.

## 1.3 Corporate Governance, Risk Management, Nomination and Compensation Committee (CGR Committee)

At December 31, 2017, comprising of 3 Committees as follows:

Name	Position
1. Mr. Chatchawan Triamvicharnkul	Chairman of the committee
2. Mr. Asa Prateepasen	The committee
3. Mr. Siriwat Taveesangkulthai	The committee

With Mr. Nititorn Deeumpai is the CGR Committee's secretary

### Statistical data of the Company's Directors attending the Meeting in 2015-2017

List of directors	2015			2016			2017		
	The company's Director	Audit Committee	The CGR Committee	The company's Director	Audit Committee	The CGR Committee	The company's Director	Audit Committee	The CGR Committee
1. Ms. Phenphimol Vejvarut	12/13	--	--	6/6	--	--	6/6	--	--
2. Mr. Suradech Taweesaengsakulthai	12/13	--	--	6/6	--	--	6/6	--	--
3. Mr. Anusorn Tamajai	13/13	11/11	--	6/6	9/9	--	6/6	9/9	--
4. Mr. Chatchawan Triamvicharnkul	13/13	11/11	5/5	6/6	9/9	5/5	6/6	9/9	5/5
5. Mr. Asa Prateepasen	11/13	9/11	5/5	6/6	9/9	5/5	6/6	9/9	5/5
6. Ms. Asana Taweesaengsakulthai	11/13	--	--	6/6	--	--	5/6	--	--
7. Mr. Siriwat Taveesangkulthai	7/13	--	5/5	6/6	--	5/5	6/6	--	5/5

#### 1.4 Executive Board

As at December 31, 2017, the company's executive board has 14 persons comprising of:

Name	Position
1. Mr. Suradech Taweesaengsakulthai	Chairman
2. Ms. Asana Taweesaengsakulthai	The Executive Director
3. Mr. Siriwat Taveesangkulthai	The Executive Director
4. Ms. Somnuk Sangin	The Executive Director
5. Mr. Nititorn Deeumpai	The Executive Director
6. Mr. Prasobsuk Boonkwan	The Executive Director
7. Mr. Sven Markus Gaber	The Executive Director
8. Mr. Nopparat Sangsawang	The Executive Director
9. Mr. Apichai Chumsri	The Executive Director
10. Mr. Nirut Sumongkol	The Executive Director
11. Mr. Padungdetch Eusookkul	The Executive Director
12. Mr. Bamrung Chinsombat	The Executive Director
13. Mr. Sakarin Unnim	The Executive Director
14. Mr. Chatchai Kantawirut	The Executive Director

With Ms. Thanyaphat Noipracha is the Executive Committee's secretary

## 2 Management

### Company's Management

As at December 31, 2017, the Company has 13 Managements comprising of:

Name	Position
1. Mr. Suradech Taweesaengsakulthai	President and Chief Executive Officer
2. Ms. Asana Taweesaengsakulthai	Senior Vice President
3. Ms. Somnuk Sangin	Vice President
4. Mr. Nititorn Deeumpai	Chief Financial Officer
5. Mr. Prasobsuk Boonkwan	Chief Business Development Officer - Domestic
6. Mr. Padungdetch Euasookkul	Chief Business Development Officer - Overseas
7. Mr. Sven Markus Gaber	Chief Marketing Officer - Overseas
8. Mr. Sakarin Unnim	Chief Marketing Officer - Domestic
9. Mr. Nopparrat Sangsawang	Chief Production Officer
10. Mr. Apichai Chumsri	Chief Risk Management Officer
11. Mr. Nirut Sumongkol	Chief Design Engineering Officer
12. Mr. Bamrung Chinsombat	Chief Service Officer
13. Mr. Chatchai Kantawirut	Chief Organizational Excellence

## 3 Company's Secretary

The Company's Board of Directors has resolved to appoint Ms. Yinghathai Ponpangnga to be the Company's Secretary. The Company's Secretary performs the duties of arranging for the meeting of The Board of Directors and the shareholders' meeting including the preparation of the minutes of the Board of Directors' meeting the shareholders' meeting and keeping all the documents legally designated. The Company's secretary appointed by the Board of Directors is the right person with the knowledge and competency in managing the Company's secretarial works.

## 4 Corporate Social Responsibility (CSR) Committee

As December 31, 2017, the Company CSR committee comprising of:

1. Mr. Suradech Taweesaengsakulthai	President and Chief Executive Officer	Chairman
2. Ms. Somnuk Sangin	Vice President	Vice Chairman
3. Mr. Siriwat Taveesaengsakulthai	Executive Director	Committee
4. Mr. Apichai Chumsri	Chief Risk Management Officer	Committee
5. Mr. Nopparrat Sangsawang	Chief Production Officer	Committee
6. Mr. Prasobsuk Boonkwan	Chief Business Development Officer - Domestic	Committee



7. Mr. Nirut Sumongkol	Chief Design Engineering Officer	Committee
8. Mr. Phard Pimrin	Information Technology Department Manager	Committee / Social and Community Activity Chairman
9. Mr. Winyu Ingo	Domestic Sale Manager	Committee Special Activity Chairman
10. Mr. Prawit Sarapoom	Safety Officer Department Manager	Committee / Environment Chairman
11. Mr. Kittpisit Yarnkittinukul	E-Ticket project manager	Committee / Happy Workplace Chairman
12. Ms. Wanitchaya Chansom	QMR Assistant Manager	CSR Secretary

with more than 30 staff

#### **CSR Committee Responsibilities**

1. To determine CSR activity's policy, plan, budget and code of conduct
2. To consider selecting CSR team for each activity and propose the appointment to the President and Chief Executive Officer
3. To determine CSR strategy and policy for each party
4. To control and follow up CSR's operating results from each party
5. To review and sign on related document of CSR
6. To determine CSR rules and regulations
7. To review CSR results and arrange the criteria of CSR international standards

## **5 Remunerations of the Company's Directors and Managements**

On 20<sup>th</sup> April 2017, the Annual General Meeting of shareholders has resolved in approving the remunerations to the Company's committee as follows:

### **5.1 Monetary Remunerations**

- a) The remunerations for the Company's directors and the audit committee
  - The meeting remuneration of not over than THB 1.7 million comprising of:
    - Chairperson and Audit Committee Chairman THB 12,500 / meeting
    - Director and Audit Committee THB 10,000 / meeting
  - The committee remuneration:
    - The monthly remuneration for the audit committee, monthly remuneration only for year 2017 audit committees as follows :
      - Audit Committee Chairman THB 12,500 / month/person
      - Audit Committee THB 10,000 /month/person

	Monthly Salary (THB/Person)
Board of Directors	-none-
Audit Committee	390,000
Corporate Governance, Risk Management, Nomination and Compensation Committee	-none-

- The annually remuneration (bonus) Bonus for the company's directors for the year 2016 not over than 4 million baht, the chairman of the company is authorized in determining the allocation of bonus to each director.
- b) Remunerations for the sub-committee and the Corporate Governance, Risk Management, Nomination and Compensation Committees
- Meeting remuneration: (excluding the one who is in the position of executive management)
    - Chairman of the sub-committee THB 10,000 /meeting
    - Member of the sub-committee THB 8,000 /meeting

Summary of the remunerations for the directors in 2016-2017

List of the director	2016					2017				
	The company's Director	Audit Committee	The CGR. Committee	The Director's Bonus	Total	The company's Director	Audit Committee	The CGR. Committee	The Director's Bonus	Total
1. Ms. Phenphimol Vejvarut	75,000	--	--	100,000	175,000	75,000	--	--	--	75,000
2. Mr. Suradech Taweesaengsakulthai	60,000	--	--	105,000	165,000	60,000	--	--	--	60,000
3. Mr. Anusorn Tamajai	60,000	112,500	--	126,000	298,500	60,000	112,500	--	--	172,500
4. Mr. Chatchawan Triamvicharnkul	60,000	90,000	50,000	135,000	335,000	60,000	90,000	50,000	--	200,000
5. Mr. Asa Prateepasen	60,000	90,000	40,000	108,000	298,000	60,000	90,000	40,000	--	190,000
6. Ms. Asana Taweesaengsakulthai	60,000	--	--	81,000	141,000	50,000	--	--	--	50,000
7. Mr. Siriwat Taveesangkulthai	60,000	--	40,000	59,000	159,000	60,000	--	40,000	--	100,000

- c) The remunerations for the executive managements

The remunerations for the executive managements are in the form of salary, bonus, and other welfare and fringe benefits such as: the provident funds, the savings in the cooperative, the benefits from the resignation (excluding the meeting remunerations for Directors) details as follows:

Remuneration for the Executive	2015		2016		2017	
	persons	million baht	persons	million baht	persons	million baht
Salary	14	12.45	14	14.42	13	14.83
Bonus	14	1.31	13	0.95	11	0.93
Welfare and fringe benefits (the provident funds, the savings in the cooperative, the benefits from The resignation)	14	0.60	14	0.84	11	0.17
<b>Total</b>	<b>14</b>	<b>14.36</b>	<b>14</b>	<b>16.21</b>	<b>13</b>	<b>15.93</b>

## 5.2 Other Remunerations

### (A) Other Remuneration Committee

- Risk insurance for the Managements: not exceed 50 million Baht

### (B) Other Remuneration Sub - Committee

- None -

### (C) Other Remuneration of executive

- The provident fund: The Company has established provident fund on November 26, 2012, the Company has joined ratio 2.00% of Salary in 2017, the company has contributed funds for the management 13 person totaling THB 0.00 due to the Executive officer is the Saving Cooperative member.
- Contribution Saving: The Company has provided the cooperative's assets for employees since 2004, The Company contributed for each payroll in the ratio of 0.10% In 2017 the Company has contributed Saving for executives, totaling 13 persons amounts of THB 84,000 (data shown in the table, executive compensation).
- Non-Monetary Remunerations are car allowance including a driver.

## 6 Personnel

### 6.1 Number of employees (Not include number of Management)

In the year 2015-2017 the Company has a number of personnel in the designation are as follows.

	Number of employees		
	31 <sup>st</sup> December 2015	31 <sup>st</sup> December 2016	31 <sup>st</sup> December 2017
1. Permanent employee			
- Financial and Fund Management department	12	20	20
- Marketing Domestic department	14	9	15
- Marketing Oversea department	5	7	6
- Administration department	287	192	207
- Production department	338	440	442
- Internal Audit department	4	4	3
2. Temporary employee	--	--	--
<b>Total</b>	<b>660</b>	<b>672</b>	<b>693</b>

### 6.2 Total remunerations for the company's employees, and type of remuneration

(unit : million baht)

Remunerations for permanent employees	2015	2016	2017
Salary, bonus, OT, commissions <sup>/1</sup> , provident fund.	155.02	156.12	182.57
<b>Total</b>	<b>155.02</b>	<b>156.12</b>	<b>182.57</b>

Remark: /1 = The Company has its regulation in paying commissions to all Sales of sales department, the basis in computation based on the agreement with the company. The Company pays for the commissions in the salary account at the end of each month.

#### Employee Compensations and Benefits

The company has provided employee compensations and benefits more than the labor legislation according to Thailand social and economy in present such as bonus, commission, provident fund, medical benefit, disabled welfare, uniforms, social welfare, infirmary, non-interest loan, free rice for lunch and 100% add up saving and credit cooperatives.

### 6.3 Human resources development

The company has the policy concerning the development of human resources as continuous, by focusing on the promoting and giving the knowledge for the development of capability. The Company provides the internal training, and sends its employees in attending the training course with the governmental and private sector. The Company also provides the learning by doing to its employees under the supervision and the advice from the supervisor. The Company has the policy of job rotation for the personnel in each project, in order for the employees in having various and broaden skillful and experiences.

### New Committees Orientation

The company assigned new committees to attain the orientation comprising of the presentation of business characteristic, business details, business operation and regulation. The new committees will be given a handbook and documents concerning committee duties: Code of Business Conduct, Regulation, Annual Report, Working Handbook, Anti-corruption Policy and handbooks related to committees.

### The company committee and executive committee training

The company has supported trainings for the company committee to enhance knowledge about the company management principles and understanding the role of effective and ethics committee, as well as to meet other company committee for sharing idea. The basic training for the company committee participating are held by Thai Institute of Directors (IOD) such as Directors Certification Program (DCP), Directors Accreditation Program (DAP), Audit Committee Program (ACP), and specific training from various institute. The committee training is for the company development. In 2017, the committees had participated in the IOD, SET and other institute trainings as showed below.

Committees	Position	Training Course in 2017
1. Ms. Somnuk Sangin	The Executive Director	▪ IR Preparation for Road shows To identify Qualification for top level accountant and financial career pathway (Chief accountant)
2. Mr. Nititorn Deeumpai	The Executive Director	▪ Can Do Attitude ▪ Business Model Meeting

The participants are 2 persons of total 19 persons. (Committees / Managements) The Company is also responsible for IOD registration for benefit on information and knowledge receiving.

(Hours : Person)

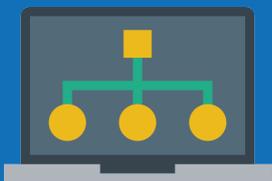
Average internal /external training hours per person per year	2015	2016	2017
Senior manager	31.36	55.33	11.58
Department manager	50.76	72.36	23.63
Staff	12.61	18.35	7.70
<b>Total</b>	<b>94.73</b>	<b>146.04</b>	<b>42.91</b>

Furthermore, the company lends the significant to the building of morale and motivation in the company's human resources. The expense of Internal/External training totaling 3.23 million Baht. The Company has continuously improved the employees' welfare in the proper way. The last 3 years training expenses are showed on the table below.

(unit : million baht)

Remunerations for permanent employees	2015	2016	2017
External/in-house training expenses	13.61	21.94	3.23
<b>Total</b>	<b>13.61</b>	<b>21.94</b>	<b>3.23</b>

# Corporate Governance



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# Corporate Governance

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## 1 Corporate Governance Policy

The Company's Board of Directors concern to the significant of The Principle of Good Corporate Governance for the transparency, able to be audited, and building the investors' confidence. The Company shall regularly disclose the information to the public and to the shareholders. In addition, the Company lends the significant to the controlling system and internal auditing. The Company attempts to control and to manage the risks closely, and concerns to the ethics the business operation.

The company is also monitoring the operation of Good Corporate Governance policy and company's code of conduct by communication disclosed on the company's website for the acknowledgement of Director Management, all level employees and general parties. There is an internal auditor department and audit committee to constantly monitor the operation. In 2017, for Good Corporate Governance. It has no issue which does not comply with the policy above.

The Company maintains the fairness to the vendors, the shareholders, and the stakeholders, with the details to be classified into 5 sections as follows

### **Section 1: Rights of Shareholders**

The Company's Board of Directors concern to the significant of the shareholders' rights as equitable, by not doing any action to violate or to deprive the shareholders' rights. The Company also accommodates the shareholders in using the rights, and determines the directions in building the shareholders' confident for the protection of fundamental rights as follows:

- 1) The Company will inform as regular to the shareholders directly or through the SET, about the progress of business operation.
- 2) The arrangement of shareholders' meeting to be held at the place convenience in travelling, and at the proper date and time.
- 3) The Company will send in advanced of not less than 7 or 14 days the invitation letter to attend the meeting to the shareholders, in compliance with the company's regulations and/or designated law. The Company will send together with the invitation letter the supplement information according to the agenda of meeting as sufficient for the consideration. The letter and other documents will prepare in Thai version and English version. The Company also prepares for the opinions of the BOD for the consideration of the shareholders' resolution to each meeting agenda, and the opinions of the audit committee for the significant agenda or as designated by law.
- 4) The Company will announce to the shareholders before starting the meeting, the matters concerning: the rights according to the company's regulation, the handling of the meeting the method in voting and the right in express the opinion including the raise of question. The chairman of the meeting, the board of directors and the director with position related to the special concern

has attend the meeting in providing the information and answering the questions. The chairman of BOD or chairman of the meeting will allocate the time as proper by arranging for the shareholders in having the opportunity for asking the questions or express the opinions and the suggestions.

- 5) After the shareholders' meeting has been finished the Company will inform to the SET immediately prior to the next opening of stock the resolutions of the shareholders' meeting. The Company will prepare the record of every shareholder' meeting with the accuracy and complete content including the detail of the director attending the meeting the detail of the counting of the votes in each agenda, and the questions or major opinions, enable to the examination of the shareholders. The Company will send the documents to the SET within 14 days after the date of shareholders' meeting

## **Section 2: Equitable Treatment of Shareholders**

The Company lends the significant for equitable treatment of shareholders under the following directions:

- 1) The Company will send the proxy document by proposing at least of 1 audit committee for the shareholders in selecting as proxy to attend the shareholders' meeting and to resolve on behalf of the shareholders in each agenda, in case that the shareholders cannot attend the meeting. This is the treatment in supporting to the shareholders able to define their own resolve directions.
- 2) In case of the shareholders request for the adding of the agenda not less than 3 days prior to the meeting date, and the company considers that such agenda benefited to the Company and the shareholders. The Company has the policy in presenting such agenda to the meeting, and the Company shall inform to the shareholders through the SET about the additional agenda.
- 3) In case that the shareholders request to the Company, three months in advanced prior to the shareholders meeting date, for the proposing of person(s) to hold the position of the Company's director(s), and have sent the supported information about the qualification with letter of agreement from the proposed person(s). The Company has the policy in considering proposing such person(s) qualifying according to the related laws to hold the position of director(s) in replacement of the director(s) whose term has been expired, and shall be presented in the Annual General Shareholders' Meeting for the consideration of the resolution.
- 4) The Company has its direction in protecting of using the inside information, by defining in the employee's operation manual under part of ethics which has been published to all the employees.
- 5) The Company has its policy and method in protecting the directors and the managements from using of benefits incurred from significant information which affect to the investment. The Company will inform to the SET immediately before the next trading date of stocks about the meeting resolutions. So, the directors and the managements have no opportunities in using inside information for their own benefits. The directors and the managements must also report the holding of shares in each time of buying and selling to the SET within 3 working days.



- 6) Stipulated the duties of directors and the management in the good corporate governance statement, in refraining from trading of Company shares at least a month before the disclosure of financial statements and three days after the disclosure, as well as setting in Good Governance Policy to report reporting to the Board on their shares in every BOD. Meeting.
- 7) Define the duties of Director and management report to Board of Directors at least 1 day before the deal.

### **Section 3: Roles of Stakeholders**

The Company respects to the stakeholders' rights, and defines as the treatment in the Company's code of conduct, to ensure that the rights pertaining to any lawful related to the stakeholders in all parties such as: the shareholders the employees the managements the clients the vendors including the socials will be take care by the Company. Furthermore, the Company also builds the coordination with the stakeholders for the business can be well operated and to return the advantages as fairness to all parties concerned. In order to build the long term accomplishment the Company has its directions to be treated as follows:

- 1) The equitable treatment to the employees, and with the appropriated remunerations.
- 2) The procurement of products and services from the vendors must be complied to the conditions, also with the treatment to the vendors as per the agreement.
- 3) To pay attention and to take responsible to the clients for the quality of products and services.
- 4) The treatment as per the borrowing conditions agreed with the lender of the company.
- 5) The treatment as per the rule of good competition, to avoid the untruthful method in order to destroy the competitors.
- 6) To take responsible to the environment of social and community, and also to support for the activities in community at the proper time and opportunity.

### **Section 4: Disclosure of Information and Transparency**

Beside to the disclosure as strictly, completely, and on time of financial reports or other information to the public through many channels, the Company shall disclose the following information for the transparency in business operation:

- 1) To disclose the information about the performance of the Company's Board of Directors and the audit committee such as: number of meeting and number of attending the meeting of each director in the past year.
- 2) To disclose the method in the appraisal, and the performance appraisal of the Company's Board of directors.
- 3) To disclose the policy of the remunerations to the Company's directors and the executive managements, including the form or characteristic of remunerations.
- 4) To report the policy of corporate governance, and performance results as per policy.

The Company discloses this information to the public through the SEC, the SET, and the company's website.

## Section 5: Board Responsibilities

The Company's Board of Directors comprising of those who are professional with the knowledge, the competency, and the experiences from various professions benefited to the Board of Directors, and to the independence in making decision for the ultimate advantages to the Company and the shareholders. The Board of Directors takes part in defining and/or agreeing on the company's vision, missions, strategies, business plans, and budget. The Board of Directors also governs the managements in performing as to the business plans and budget with the efficiency and the effectiveness to the corporation, and the ultimate wealth to the shareholders. The Board of Directors also governs for the evaluation to the suitable of internal controlling, internal auditing, risk management, financial reporting, and the monitor of the performance regularly.

There are 7 directors in the Company's Board of Directors, which comprising of 2 directors from the Company's executive Management and 5 directors which are not from the executive managements. Three directors are the independent directors, which are over than 1/3 of total directors. In addition, the company has appointed three independent directors as the audit committee with the term of 3 years. The Company has determined precisely the scope and authority of the audit committee in the charter of the audit committee.

### Good Governance Assessment

In 2017, the company has a result of Excellent level for Corporate Governance Report of Thai Listed Companies (CGR) The report published by Thai Institute of Directors (IOD) which the details of reports 2014-2017 shown as following.

Year	Result (%)		
	Point of CHO	Level	Average point of Thai Listed Companies
2017	90%	Excellent 	80%
2016	89%	Very Good 	78%
2015	87%	Very Good 	75%
2014	66%	Satisfactory 	72%

## AGM Assessment

In 2017, the company take attention to AGM continually with the assessment point of 96 for the AGM Checklist, This project held by the Thai Investors Association. The results of 2014-2017 are as following.

Year	Result (Total 100 point)		
	Point of CHO	Level	Average point of Thai Listed Companies
2017	96	Excellence	91.97
2016	100	Excellence	91.62
2015	100	Excellence	92.68
2014	90.13	Excellence	91.35

### Un-accomplishment performances in good corporate governance

In 2017, the company's had followed the principle of good corporate governance except:

Un accomplishment Tasks	Reason
1. The Directors held more than 25% of the company's share.	The company's needs of experienced Management to lead the business succeed
2. The company had not determined the 'Cumulative Voting' for the Director election method.	According to the Company Act, It had selected the '1 Share : 1 Vote' method that to the company's policy compliance.
3. The company had not revealed the compensation of the CEO specifically as it had been included with the board of director report.	The company is a small-sized business and the Information has no impact on the management.
4. The committee chairman did not originate from the independent director.	The committee chairman must be knowledgeable, has experienced in the company's products and also can give comments to the Board of Directors and management as well.

### Remunerations of Directors

The Company has its policy in determining, with the precision and the transparency, the monetary remunerations of the directors, and brought to the annual general shareholders' meeting for the approval. The measures in determining the company directors' remunerations are as follows:

- 1) To be appropriate and corresponded to the scope of responsibility of each director.
- 2) The remunerations are in the level of attractive, capable of maintaining the directors with competency and quality in performing the duties with the company.
- 3) The factors of the remunerations are clear, transparent, and simplified.
- 4) The remunerations are at the rate in equivalent to the directors in the same industry.

## **Board of Directors Meeting**

The Company shall arrange for the Board of Directors meeting and additional special meeting complied with the Company's regulations legal concerns to the public company and rules and regulations of the SET. The Chairman of the BOD acts as chairman of the meeting shall promote for the using of careful judgment and allocate the appropriated time for the meeting enable for the managements in proposing of the matters and the careful discussion of major problem. It is defined that the company shall arrange meeting at least once a month and as necessary with the Schedule and agenda in advance, then the Company will send to the board of directors in advanced of 7 days prior to the meeting date the invitation letter together with the agenda and other supporting documents. In addition the Company shall prepare the precise and complete minutes of meeting enable for the examination by the shareholders.

## **Board of Directors Report**

- The Board of Directors responsible for the preparing of financial reports which include the Company's financial report, the consolidated financial report of the Company and its subsidiary, and financial information appeared in the annual report. The financial reports have been prepared in accordance with general accepted accounting standard in Thailand, by the adoption of accounting policy as appropriated, accepted, and frequently treated, including the careful adoption of judgment in preparing and disclosure of significant information as appropriated in the remark to the financial statements.
- The Director, the Executive Committee and managements have been assigned to report their interest and involved person's interest when starting their positions and when the data changes, as well as the report of changing should be submitted annually. According to the rules and regulations for reporting conflicts of interest of the committee and management set by the Board of director. In 2017, the director, the Executive Committee and managements have been assigned to hand in a report of interest to the company secretary. The report will be summarized and submitted to the audit committee and the board of directors. This issue has been proposed to the board of directors in the meeting No. 2/2018 dated 23 February, 2018.

## **Board of Directors Self-Assessment**

In order for the increased of the Board of Directors' effectiveness, the Company lets the Board of Directors do the performance self-assessment, by having the directors appraise the performance of the Board of Directors as a whole, and having the directors join in the consideration of performance and problems. The Board of Directors shall analyze and find the conclusion, from the assessment result, in determining the measure in improving the performance effectiveness.

## Preparation of Sustainability Report, 2017

In 2017, The company has conducted Sustainability Report in order to report the company's performance between 1 January – 31 December 2017 by focused on distributing the economic, environmental and social information explaining good corporate governance in human development, aim to be the Learning Organization. Therefore, the structure layout of the company's committee is connected to the President and the Chief Executive Officer directly. Thus, the CSR is linked to all levels of the staff.

## 2 Sub-Committee

The company's managerial structure comprises of 4 sets of committees which are: the Board of Directors, the Audit Committees, and the Executive Committees (considered appointing from the Board of Directors' Meeting No. 12/2012 on November 14, 2012) and the Corporate Governance, Risk Management, Nomination and Compensation Committees (considered appointing from the Board of Directors' Meeting No. 6/2014 on December 21, 2014). The scope of the directors' authorities being shown as follows:

### 2.1 Board of Directors

As at December 31, 2017, the company has 7 directors comprising of:

Name	Position
1. Ms. Phenphimol Vejvarut	Chairman
2. Mr. Suradech Taweesaengsakulthai	Director
3. Mr. Anusorn Tamajai	Independent Director / Audit Committee Chairman
4. Mr. Chatchawan Triamvicharnkul	Independent Director / Audit Committee
5. Mr. Asa Prateepasen	Independent Director / Audit Committee
6. Ms. Asana Taweesaengsakulthai	Director
7. Mr. Siriwat Taweesaengsakulthai	Director

With Mr. Suradech Taweesaengsakulthai is the Board of Director's secretary

The authorized persons with the signature on behalf of the company : Mr. Suradech

Taweesaengsakulthai signs with Ms. Asana Taweesaengsakulthai, and affixed with the company's seal.

The limitation of the directors' authority : none

### Scope of authorities and responsibilities of Board of Directors

1. To perform the duties complied with law, objective, the company's regulations, and the shareholders' meeting resolution.
2. To consider the approval of business policy, target, business plans, corporate strategies, and annual report.
3. To consider the appointment of person(s) with the qualifications and characteristics not forbidden to the public company act B.E. 2535, and law pertaining to securities and stock exchange market, including the regulations and/or regulations concerning to the directors in case that the vacancy for the position of directors due to other reason beside the resignation.
4. To consider the appointment of the independent directors and the audit committee, by considering to the forbidden qualification and characteristic of the independent directors and the audit committee: according to the law concerning securities and stock exchange market: including the regulations and/or regulations concerning stock exchange market; or to present to the shareholders' meeting for the consideration of the appointment as the independent directors and the audit committee.
5. To consider the appointment of the executive managements by selecting from management or the directors of the company, including the defining of the scope of authorities and responsibilities of the executive committee.
6. To consider the determining and the correction of list of the authorized directors of the company.
7. To appoint other person in operating the business, under the control of the board of directors, or to delegate the authority to such person and/or in the period that the board of directors consider as appropriated. The board of directors may cancel/ withdraw/ amend or correct such authorization.
8. To consider the approval of the transaction pertains to the acquiring or the disposal of assets, except that such transaction must be approved from the shareholders' meeting. Such approval shall be as per the notice, the regulations and/or regulation concerning of the stock exchange of Thailand.
9. To consider the approval of the related transaction, except that such transaction must be approved from the shareholders' meeting. Such approval shall be per the notice, the regulation and/or regulation concerning of the stock exchange of Thailand.
10. To consider the approval of interim dividend payment to the shareholders based on the view that the company has the appropriated profits to do so, and report the payment of dividend to the shareholders at the next shareholders' meeting.
11. To consider the approval of the company's securities holdings of themselves, their spouses and underage child in every board of directors meeting with and inform to the company in case of
  - They are stakeholders directly or indirectly from the contracts that the Company makes during the fiscal year.
  - Shareholder
12. To consider the approval of any committees shall remain the committee position in not over 5 Listed companies including subsidiary company.

13. Directors must have the awareness of ethics and morality, and act as Good Governance Principles, conducts and policy of anti-corruption as well as to encourage all level employees to do the same. This is for reducing the corruption risk, using power incorrectly and prevention of illegal actions.

The directors or other person with or may have the conflict of interest with the company, are not allowed to vote such matter.

In addition, the following cases must be agreed from the board of directors' meeting, and the shareholders' meeting with the votes of not less than 3/4 of total votes from shareholders who attend the meeting and have the voting right.

- Selling or transferring the whole or partial of the company's business
- The acquisition of the transferring of other firm's business or private firm to be the company's business
- To do, to correct, or to terminate the agreement concerning the letting of the whole or partial of the company's business. To delegate the authority to other person in managing the company's business, or to merge the business with other person with the purpose of profits and loss sharing
- To amend the prospectus or the regulations
- To increase the capitals, to decrease the capitals, to issue the debenture, to merge or to dissolve the company
- The other matter defined under the provision of law concerning securities and/or the provision of the SET, in obtaining the agreement from the shareholders' meeting with the votes as mentioned above, for example: the transaction about the acquisition or the disposal of assets, the related transaction.

### **Directors' Term**

The directors have the term of 3 years in each period, the period of 1 year means time period from the year that director have been appointed from the shareholders' meeting until the next annual meeting. The director, whose term has been expired, may have been proposed as director for another term.

The delegation of the board of directors' authorities and responsibilities is not the delegation of the authorities or responsibilities which enable the directors or the authorized person to approve the transaction with conflict of interest (as defined in the notice from the SEC) for both the Company and the subsidiary company.

## 2.2 Audit Committee

As at 31 December 2017, the Company has 3 audit committee comprises of:

Name	Position
1. Mr. Anusorn Tamajai	Chairman to the audit committee
2. Mr. Chatchawan Triamvicharnkul	Audit committee
3. Mr. Asa Prateepasen	Audit committee

*Remark: Audit committee who has knowledge and experiences in reviewing the reliability of financial statements is Mr. Chatchawan Triamvijarnkul, who graduated with the certificate in higher graduate (auditing) from Chulalongkorn University, and Bachelor's degree in Business Administration (Accounting) from Ramkhamhaeng University.*

With Mrs. Apsorn Suriyar is the secretary of the audit committee

### Scope of authorities and responsibilities of Audit Committee

1. To review for the Company's in having the financial reports with the accuracy, complied to general accepted account standard, disclose the adequate and reliable information
2. To review for the Company in having the internal control system and internal audit system with the appropriated and effectiveness
3. To review the Company's operation in corresponded with public law, securities and stock exchange market law, the regulations of the SET and the SEC, including law concerning the Company's business
4. To consider the selection, propose the appointment and offer withdrawn for the Company's auditor, to determine the auditor's compensation, to evaluate the auditor's performance, to maintain the independence in performing of job for the auditor
5. To review for not having the conflict of interest between related persons
6. To consider the disclosure, with the accuracy and the completion, of the company's information concerning the related transactions or transactions which may have conflict of interest
7. To consider the approval of the charter of the internal audit department, including the approval of audit plan, man power, and annual budget
8. To consider and to agree on the appointment, the discharging, the transferring, lay off, and to consider the merit, to assign the job, and to maintain the independence to the internal audit department
9. To perform other duties designated by law, and assigned by the board of directors and agreed by the audit committee such as:
  - To review and to evaluate the appropriate of the Company's rules and regulations, and to govern the Company in performing according to the regulations and related law including the policy designated by the Board of Directors
  - To review the Company's policy concerning financial management and risk management
  - To review the executive managements' performance as per the business ethics
  - To review with the executive managements on the significant reports that have to be presented to public as required by law such as: management's report and analysis

10. To prepare report of the audit committee's corporate governance, signed by chairman of the audit committee, by disclosing in the company's annual report.
11. To consider the information and/or the trace of fraud and/or corruption that has been informed by a person inside and outside the organization according to the clues notification process (Whistle-blower hotline) as well as the Anti-Corruption process.

The Audit Committee responsible, for the above mentioned duties and responsibilities, directly to the Board of Directors, and the Board of Directors responsible, for the Company's operation, to the shareholders and the public.

### Term of Audit Committee

The audit committee has the term for 3 years in each period, and maintains in the position of not over than 3 consecutive terms, counting from the date of approval from the Board of Directors or the shareholders' meeting. The period of 1 year means time period from the year that the audit committee has been appointed from the shareholders' meeting until the next annual meeting. The audit committee, whose term has been expired, may have proposed in renewal.

### 2.3 Corporate Governance, Risk Management, Nomination and Compensation Committee

#### (The Committee)

As at December 31, 2017, comprising of 3 Committees as follows:

Name	Position
1. Mr. Chatchawan Triamvicharnkul	Chairman of the committee
2. Mr. Asa Prateepasen	The committee
3. Mr. Siriwat Taveesangkulthai	The committee

With Mr. Nititorn Deeumpai is the CGR Committee's secretary

### Scope of authorities and responsibilities of the Committees

#### 1. Good Corporate Governance and Code of Business Ethics

- 1.1 To propose Good Corporate Governance policy and a Code of Business Ethics of the Company's group to the Company's Board of Directors for approval.
- 1.2 To monitor and supervise the Company's group to ensure that Good Corporate Governance policy and Business Ethics specified by the Company are complied.
- 1.3 To continuously assesses the Good Corporate Governance policy and Code of Business Ethics of the Company's group to ensure that they comply with international standards and/or recommendations form related government organizations, and propose to the Company's Board of Directors for approval.
- 1.4 To evaluate and propose a Code of Best Practices to the Board of Directors and/or other sub-committees in the Company's group.

- 1.5 To encourage the dissemination of the Good Corporate Governance culture across the organization and support to the Good Corporate Governance practices.
- 1.6 To appoint the working team and outline its roles in supporting the monitoring and supervision of Corporate Governance and Business Ethics, as appropriated.
- 1.7 To perform other duties related to Good Corporate Governance and Business Ethics as assigned by the Board of Directors.

## **2. Risk Management**

- 2.1 To assess and present Risk Management policy and framework to the Company's Board of Directors for approval.
- 2.2 To examine and agree on risk appetite (acceptable risk levels), and present to the Company's Board of Directors.
- 2.3 To continuously monitor development activities and compliance actions according to the policies and Risk Management framework so the Company's group will have Risk Management system that is uniformly effective throughout the organization to ensure that such policies continue to be observed.
- 2.4 To assess risk identification and assessment procedures, report on significant Risk Management activities and enforce procedures to ensure that the Company has sufficient, appropriate and efficient Risk Management system in place.
- 2.5 To coordinate with the audit committee about significant risk factors and having the internal audit unit to review that the Risk Management system of the Company's group is appropriate to the exposure, being adapted as needed and adopted throughout the organization.
- 2.6 To continuously report to the Company's Board of Directors on significant risk and Risk Management solutions, recommend and advising the Sub Risk-Management Committee (SRM) and/or department and/or the relevant working committees about significant risks and Risk Management, as well as evaluate the appropriate means to improve various databases that are related to the development of Risk Management solutions.
- 2.7 To appoint the additional related personnel and/or the management committee as necessary, as well as determine their roles and responsibilities in order to achieve the objectives.
- 2.8 To perform other tasks related to Risk Management as assigned by the Company's Board of Directors.

## **3. Nomination**

- 3.1 To set guidelines and policies in nominating company's Board of Directors and other sub-committee members by considering what would be the appropriate number, structure and composition of members, and outlining necessary directors' qualifications, and proposing for approval by the Company's Board of Directors and/or Shareholders' Meeting as appropriate.
- 3.2 To search, select and propose appropriate persons to hold the position of the Company's Directors whose retiring by rotation and/ or became vacant, and/or newly appointed Directors, and proposing for approval by the Company's Board of Directors and/or Shareholders' Meeting as appropriate.

3.3 To perform other duties related to nominations as assigned by the Company's Board of Directors.

#### 4. Remuneration

- 4.1 To prepare guidelines and policies in determining the Company's Board of Directors and other sub-committees' Remuneration, and proposing to the Company's Board of Directors and Shareholders' Meeting for approval.
- 4.2 To determine necessary and appropriate monetary and non-monetary Remuneration, for individual members of the Company's Board of Directors in each year by taking into consideration each Directors' duties and responsibilities, performance, and comparisons against similar businesses including the benefits expected in return from each Directors, and proposing to the Company's Board of Directors and to the Shareholders' Meeting for approval.
- 4.3 To evaluate the annual performance of the President and Chairman Management for considering approval the Remuneration by proposing to the Company's Board of Directors. However, the committees whose are Executive committees shall not be part of taking consideration the President and Chairman Management's Remuneration.
- 4.4 To take responsibility supports the Company's Board of Directors and being responsible for explaining and answering any question regarding the Company's Board of Directors, the President and the Chief Executive Officer's Remuneration in the Shareholders' Meeting.
- 4.5 To report policies and principles, reasons in determining the Remuneration of Directors and management according to the Stock Exchange of Thailand (SET) guideline by disclosing them in the Company's annual information disclosure (56-1) and annual report.
- 4.6 To perform other duties related to Remuneration as assigned by the Company's Board of Directors.

#### 2.4 Executive Committee

As at December 31, 2017, the company's 14 executive committee, comprising of:

Name	Position
1. Mr. Suradech Taweesaengsakulthai	Chairman
2. Ms. Asana Taweesaengsakulthai	The Executive Director
3. Mr. Siriwat Taveesaengsakulthai	The Executive Director
4. Ms. Somnuk Sangin	The Executive Director
5. Mr. Nititorn Deeumpai	The Executive Director
6. Mr. Prasobsuk Boonkwan	The Executive Director
7. Mr. Sven Markus Gaber	The Executive Director
8. Mr. Nopparat Sangsawang	The Executive Director
9. Mr. Apichai Chumsri	The Executive Director
10. Mr. Nirut Sumongkol	The Executive Director
11. Mr. Padungdetch Euasookkul	The Executive Director
12. Mr. Bamrung Chinsombat	The Executive Director
13. Mr. Sakarin Unnim	The Executive Director
14. Mr. Chatchai Kantawirut	The Executive Director

With Ms. Thanyaphat Noipracha is the Executive Committee's secretary

Remark : At the meeting of Executive committee 12/2016 dated December 30, 2016, there is a decision to appoint Mr. Chatchai Kantawirut, and the Board of Director acknowledged in the meeting 1/2017 as of January 20, 2017. As a result, he is an Executive committee instead of Mr. Tossapol Plitaporn who has resigned on October 20, 2016.

### **Scope of authorities and responsibilities of Executive Committee**

1. To prepare and to present the Company's business policies, goals, operational plans, business strategies, and annual budget, for the approval from the Board of Directors
2. To arrange an orientation for new committee about the Company's business
3. To determine the Company's business plans, the authorities, and budget, for the approval from the Board of Directors
4. To control for the effectiveness and obliged to the business condition, the Company's operation corresponded with business policies, goals, operational plans, business strategies, and budget which approved from the Board of Directors
5. To consider the approval of the borrowing or the request for credit facility from financial institution, including the payment or the disbursement for transaction as to the Company's normal business such as: the disbursement for investment, and operating expenses as per chart of authorization
6. To define the effective organizational structure and management covering: the selection, training, recruiting, and lay off the Company's employees which are the managements or the executive managements. The authorization may be delegated to managing director in signing the employment agreement
7. To govern and to approve the Company's operation. The executive committee may appoint or assign any person or persons in performing any matter deem appropriated, and the executive committee can cancel, amend, or correct such authority
8. To perform other duties assigned by the Company's Board of Directors
9. To consider the approval of the company's securities holdings of themselves, their spouses and underage child in every board of directors meeting with and inform to the company in case of
  - They are stakeholders directly or indirectly from the contracts that the Company makes during the fiscal year.
  - Shareholder

The Executive Committee has no right in voting for the transaction which may have conflict of interest, or have interest with the Company or its subsidiary. The approval of transaction which may have conflict of interest, must comply with the notice from the SET under the subject: basis, procedure, and the disclosure of related transaction B.E. 2546.

## 2.5 Managements

As at December 31, 2017, the Company has 13 Managements comprising of:

Name	Position
1. Mr.Suradech Taweesaengsakulthai	President and Chief Executive Officer
2. Ms.Asana Taweesaengsakulthai	Senior Vice President
3. Ms. Somnuk Sangin	Vice President
4. Mr. Nititorn Deeumpai	Chief Financial Officer
5. Mr. Prasobsuk Boonkwan	Chief Business Development Officer - Domestic
6. Mr. Padungdetch Eusookkul	Chief Business Development Officer - Overseas
7. Mr. Sven Markus Gaber	Chief Marketing Officer - Overseas
8. Mr. Sakarin Unnim	Chief Marketing Officer - Domestic
9. Mr. Nopparrat Sangsawang	Chief Production Officer
10.Mr. Apichai Chumsri	Chief Risk Management Office
11.Mr. Nirut Sumongkol	Chief Design Engineering Officer
12.Mr. Bamrung Chinsombat	Chief Service Officer
13.Mr. Chatchai Kantawirut	Chief of Organizational Excellence

### Scope of authorities and responsibilities of President and Chief Executive Officer

- 1) To determine and to present to the Board of Directors, the business strategies and plans
- 2) To operate as per the business strategies and plans approved by the Board of Directors
- 3) To present to the Board of Directors for the consideration of the search for the opportunity in operating business related to the Company's business, including new business with the feasible and increasing the company's and the employees' revenues
- 4) To operate and to perform the missions assigned by and under the policy of the Board of Directors
- 5) To order, to issue the regulation/ announcement/ memorandum for the operation to be corresponded with the policy
- 6) To consider the approval of the borrowing or the request for credit facility from financial institution, including the payment or the disbursement of transaction as to Company's normal business such as: the disbursement for investment, and operating expenses as per chart of authorization
- 7) To coordinate with the executive and the employees for the operation according to business policy and direction derived from the Board of Directors
- 8) To govern the employees' operation in accordance with the policy, rules and regulations, including the operation under the principle of good governance
- 9) To promote the development of the employees' knowledge, competency, and potential, for the increase of the organization's potential
- 10) To consider the Company's operational results, and to present to the Board of Directors in approving the interim dividend payment and annual dividend payment

The above mentioned authorities of President and Chief executive officer are not included to the authority of President and Chief executive officer in approving the transaction with the conflict, the

interest, or may have conflict of interest (as per the regulations of the Company and the SEC) with the Company or the subsidiary company.

### Summary of General Approval

Position	approval in getting job/ Bidding (baht/transaction)	approval for investment (baht/transaction)	approval for general expenses <sup>/2</sup> (baht/ transaction)
The Board of Directors	>1,000,000,000	> 50,000,000	
The executive committee	100,000,001 - 1,000,000,000	≤50,000,000	> 2,000,000
President and Chief Executive Officer	≤100,000,000	≤20,000,000	≤2,000,000
Senior Vice President / Vice President	≤10,000,000	- no authorization-	20,000 - 100,000
Chief Officer	≤ 10,000,000	- no authorization-	≤ 20,000 <sup>/1</sup>

*Remark: The Company's board of directors meeting No. 4/2016 on August 9<sup>th</sup> 2016, has approved the above mentioned summary of general authorization*

*/1 = Chief Officer approves only on the related transaction with the authority owns*

*/2 = general expenses mean the expenses which are the fixed expenses such as expenses of water, electricity, rental, and expenses that are not related to selling project or production expenses, the expenses with the amount over 2 million baht will be approved by the executive committee.*

The Company and its subsidiary has prepared annual budget through the consideration of executive committee. In case that the department with the expenses exceed the budget, there must be proposed for the approval of the additional budget from executive committee.

### **3 Recruitment and Appointment of Directors and Executive Managements**

The selection of person to be appointed as director or management, the Company will assign the Corporate Governance, Risk Management, Nomination and Compensation Committee which considered appointing from the Board of Director No. 6/2014 on December 21, 2014, to do so. The Company's directors or managements shall be gender equality, comply with the law and the company's rule, be faithful and secure the company's benefit with the completely qualifications as per article 68 of the public company act B.E. 2535, and must not be the person with the qualifications forbidden as per notice from the SEC subject: the regulation concerning the management of the Company issuing stocks. The Company's directors and managements must not have the history of illegal concern in ten years retrospective prior to the date of request for permission, and have never been convicted as the insolvent person, not being the person violating the regulations, notice, order, the resolution of directors, or the agreement of securities registration with the SET or the SET circulation letter, including the dispute or the prosecution waiting for the judgment.



## Factors and Recruitment of Board of Director

- 1) The Company's Board of Directors comprises of at least 5 persons, with half of the Directors must have the residence in the kingdom. The Directors must be the person with the qualification required by law
- 2) The shareholders' meeting shall elect the company's directors under the basis and procedures as follows:
  - 2.1 Each shareholder has 1 share per 1 vote
  - 2.2 Each shareholder shall use the vote referred in 2.1 in the election of one person or persons to be director(s). In case of many persons have been elected, the votes cannot be shared to any one as much or less
  - 2.3 The person(s) with ranking at the highest shall be elected as director(s) equal to the number of director(s) should have at the time of the election. In case that the person(s) with the rank next to the highest rank, has (have) the equal votes exceeding the number of director(s) should have at the time of the election, chairman of the meeting shall vote as the final decision
- 3) For each of annual general meeting, one-third of total directors at the time of meeting shall be removed from the position. If the number of director cannot be divided into 3 fractions, the removal of directors will be the closest to one-third. The remove director(s) may be re-elected. In the first year and the second year after the registration of the Company, the director(s) shall draw the lots for the removal. In the later year, the removal shall be for the director(s) with the longest term in the position.
- 4) The Director(s) who would like to resign shall submit the resignation letter to the Company. And the resignation will be effective on the date of receiving the resignation letter by the Company
- 5) The shareholders' meeting may have the resolution to remove any director from the position prior to the term removal, with the votes of not less than  $\frac{3}{4}$  of total shareholders attending the meeting and have the right to vote, and with the total shares of not less than half of total shares held by the shareholders who attend the meeting and have the right to vote.
- 6) In case of the position of director is vacant, caused by other reason beside to the resignation in the term, the board of directors shall select the person; with the qualification and without the characteristic forbidden as per the public company law or law pertaining to the securities and stock exchange market; to be the replaced director(s) at the next meeting of the board, except for the term of such director(s) left less than 2 months. The person(s) selected as the replaced director(s) shall be in the position in equivalent to the term left of the removed director(s). The Board of Directors resolution in appointing the person(s) to be director (s) must have the vote of not less than  $\frac{3}{4}$  of total existing directors.
- 7) The Directors may or may not be the Company's shareholders
- 8) The board of directors shall select one director to be the chairman. The Board of Directors shall select, in case of the appropriated consideration, one director or many directors as vice chairman and managing director. The vice chairman has the duties assigned by chairman according to the regulations of the Company.

### **Factors and Recruitment of Audit Committee**

- 1) The audit committee comprises of 3 independent directors. The Board of Directors shall select one of the audit committee to be chairman of audit committee.
- 2) Each of the audit committee must have the knowledge, competency, experiences, and expertise as appropriated to the missions assigned by the board of directors, including the knowledge and competency in the matter related to the performance of audit committee.
- 3) At least one of the audit committee must have knowledge and understanding or experiences in field of accounting or finance.
- 4) The audit committee appoints at least 1 secretary to the audit committee, to perform the duties concerning the preparation of meeting agenda information, recording the minutes of meeting, the preparation of activities report, and other tasks assigned by the audit committee.

### **Qualifications of Independent Directors**

1. Hold the shares of not exceeding 1% of total shares with the voting right of the Company, the parent company, the subsidiary company, the affiliated company, major shareholders, or those who have the control power in the Company. The shares of the related person to the independent director will be counted.
2. The independent director must not be or never be the director taking part in managing, the employee, the consultant who has salary, or has the control power in the Company, the parent company, the affiliated company, the subsidiary company at same level, major shareholders, or those who have the control power in the company. Except that such independent director has left from the above mentioned characteristic of not less than 2 years before submitting the request for permission to the SEC or on the appointing date. The above mentioned forbidden is not included the case that the independent director used to be the government officer or the consultant to the government organization which is the major shareholders or those who have the control power in the Company.
3. The independent director must not be the person with the relationship as blood lineage, or the legally registration as parents, spouse, brother/sister, and child, including child's spouse of the managements, major shareholders, the person with the control power, or the person to be proposed as the managements, or the person with the control power in the company or the subsidiary company.
4. The independent director must not have or used to have the business relationship with the Company, the parent company, the subsidiary company, the affiliated company, major shareholders, or the person who has the control power in the company, in the way that might obstruct to the adoption of independent judgment of the independent director.
5. The independent director must not be or used to be the advisor of the Company, the parent company, the subsidiary company, the affiliated company, major shareholders, or the person with the control power of the company, and must not be the shareholders in significant, the person with the control power, or partner of audit firm in which the auditor of the company, the parent company, the subsidiary company, the affiliated company, major shareholders, or the person with control power of the company attributed, except for the removal of not less than 2 years after the date of submitting for permission to the SEC or on the appointing date.

6. The independent director must not be or used to be the service provider of profession which includes legal advisor or financial consultant who receives service fee of more than 2 million baht/year from the Company, the parent company, the subsidiary company, the affiliated company, major shareholders, or the person with the control power, and not be the shareholders in significant, the person with the control power, or partner of the service provider of profession, except for the removal of not less than 2 years before the date of submitting for permission to the SEC or on the appointing date.
7. The independent director must not be the director appointed to be the representative of the Company's directors, major shareholders, or the shareholders with the relationship with major shareholders.
8. The independent director must not operate the business with the same condition and compete as significant with the business of the Company or the subsidiary company, or must not be partner as significant in partnership company, or must not be the director taking part in managing, the employee, the advisor receiving salary, or hold the shares more than 1% of total shares with voting right of other Company operating business with the same condition and compete in significant with the company or the subsidiary company.
9. There not be other characteristic that has the impact to the disability of the independent director to independently express the opinion concerning the company's operation.
10. The independent director with the above mentioned qualifications, may has been assigned from the board of directors in making the decision about the operation of the Company, the parent company, the affiliated company, the subsidiary company at the same level, major shareholders, or the person with the control power, the decision may be in the form of collective decision.

### **Qualifications of Audit Committee**

The Company's audit committee must be the independent director of the Company, with the complete qualifications and not being the forbidden person as to the public company law and law pertaining to securities and stock exchange market, and other law related to company's business.

1. To be the director without taking part in managing, and not being the employee or the advisor having salary with the Company, the subsidiary company, the affiliated company, the related company, or the major shareholders of the company.
2. To be the director without the business or interests as direct or indirect in financial aspect and financial management in the company, the subsidiary company, the affiliated company, or the major shareholders of the company.
3. To be the director not being the related person or the closed cousin of the executive managements or major shareholders of the company.
4. To be the director without any appointment as representative in protecting business of the company's directors, major shareholders, or the shareholders with the relationship with major shareholders of the company.
5. To hold shares of not exceeding 10% of paid-up capitals of the company, the subsidiary company, the affiliated company, the related company. This includes the counting of shares held by the related

- persons (including the persons) with relationship by blood lineage, by the marriage, and by legal registration such as father, mother, spouse, child)
6. To be able to perform the duties, express the opinion or to report the performance as to the tasks assigned by the company's board of directors, not being under the control of the executive managements or major shareholders of the Company including the related person(s) (including the person(s) with the relationship with the company that affect to the ability in performing the duties independently or fluently such as: the clients, the creditors, the debtors, or the person(s) with the significant relationship to the Company's business) or the closed cousin of such person(s).
  7. The audit committee must have the independence and able to express the opinion or to report freely as to the missions assigned, without concerning to any benefit relating to assets or position, and not being under the influence of any person or group of person, including of none situation obstructed audit committee in expressing opinion as it should be.
  8. To devote with adequate time for the operation, and have the intention to enhance knowledge concerning the company's operation in continuous for the effectiveness.
  9. The Audit Committee with the above mentioned qualifications is served a maximum of 9 years in the position

#### **Factor and Qualification of Corporate Governance, Risk Management, Nomination and Compensation Committees (CGR Committee)**

1. CGR Committee is to be appointed by the Company's Board of Directors and has to comprise of at least 3 persons, more than one-half of the total number of The Committee must be independent directors and less than one-half of the total number of The Committee must be being the Company's President and Chief Executives Officer.
2. CGR Committee Chairman must be independent director appointed by The Committee's Meeting.
3. CGR Committee considers appointing The Committee's secretary of at least 1 person in order to operate the meeting items, meeting agenda, minutes meeting and others as assigned by The Committee.

#### **Factor and Nomination of Executive Committee**

The executive committee comprises of the Company's executive managements, the following positions are the company's executive committee:

- (1) President and Chief executive officer
- (2) Senior Vice Presidents
- (3) Vice Presidents
- (4) Chief officers

The executive committee can propose, in the meeting, the appropriated person to be executive committee in additional, the executive committee has the term in the position for 4 years in each period.

#### **Factor and Recruitment of President and Chief Executive Officer**

The executive committee shall propose the executive from the executive committee and present to the Company's Board of Directors in appointing the proposed executive to be president and chief executive officer with the term in the position for 4 years in each period.

### **4 Corporate Governance of the subsidiary company and the affiliated company**

The Company has appointed the person(s) to be the director(s) of the subsidiary company. The Company has determined the regulation in such proposing and voting, and must be approved from the Company's Board of Directors. The person(s) being appointed as director(s) in the subsidiary company perform the duties for the ultimate benefits of the subsidiary company. The transaction concerning the related transaction, the acquisition and the disposal of assets, or other significant transaction, will be under the measure pertaining to the disclosure and the transaction doing as same as the company's measure, including the governance of collecting the information and recording of the subsidiary company accounting in the form as same as of the Company, enable the Company in examining and preparing of consolidated financial statements on time.

### **5 Governance about the Adoption of Inside Information**

As for the governance about the adoption of inside information for the benefits of the managements, the Company has the strict policy in disclosing of the information about the company's action plan, including finance and accounting information. The Company persists strictly to the rules, regulations under the supervision of stock exchange market. The company's human resources are unable to bring inside information disclosed to the outside persons, except for the writing permission.

The finance and accounting information are collected in computerized system. The access of the information shall be for the authorized person(s) only. The Company set the personal password, and not allow for the disclosure of such password. The summary of total information, and audited financial and accounting information, under the responsible of chief officer-finance, will be disclosed, after being examined and agreed by audit committee, to the Board of Directors at the same time or after the Company has informed and disclosed such information to the SET. All of the Company's executive management respect, persist, and perform as per rules, regulations of the SET. It has been found that there was no inside information being used for the benefits of the directors or managements.

The Company has informed to the managements about the obligation in reporting the owning of securities of their own company, spouse, and child not reaching the legal age, including the disclosure of securities owned to the SEC as per provision 59 and 275 of the securities and stock exchange market act B.E. 2535.

The Company has its regulations for changing of important information of directors and management such as information of their relations being shareholders or directors in any other entity. Such person is required to notify the change of important information provided to the Secretary to the company within 7

days of the information changed. This is for the purpose of up-to-date information. The Secretary shall propose to the Chairman of the Board of Directors and Chairman of the Audit Committee for their acknowledgment within 7 days of notification. There is a regulation that the management should immediately notify the company for processing transactions with person related to the committee and management, which such transactions may be related transactions. The purpose is to let the Company Secretary to inform the Chairman and Chairman of the Audit Committee to follow relevant rules.

If the Company's directors, managements, or employees violate to the rules and regulations of the Company, the company will have the punishment as defined in the manual for employees of the Company.

### **Change in the company's securities holdings of those directors and management report**

The company's directors, management and auditors shall reveal the report of their company's shares holding including their Spouses and immature child holdings of the company's securities. If the person changed the stake of the holdings, he or her shall report to the Securities and Exchange Commission of Thailand (SEC) due to the 59-2 form within 3 working days since the transaction day, and within 30 working days since the person had been elected for the committee and board positions. The company will inform the person 7 days ahead via Electronics sources regard to the company's policy that the person shall not buy or sell the company's stock under 1 month before the declaration of the company's financial statement.

## **6 Auditor Fee**

### 1. Audit Fee

The Company and its subsidiary have made the payment of audit fee for accounting period year 2015 – 2017 for PricewaterhouseCoopers ABAS Limited as follows:

(Unit: Baht)

	2015	2016	2017
1. Annual audit fee			
1.1. CHO and consolidated financial statements	1,060,000	1,180,000	1,580,000
1.2. CTV-TMT	462,000	512,000	605,000
1.3. TSP-CTV	230,000	230,000	23,000
2. Fee for reviewing financial statements			
2.1. CHO and consolidated financial statements	540,000	570,000	765,000
2.2. CTV-TMT	0	0	0
Grand total	2,292,000	2,492,000	2,973,000
Total for CHO	1,600,000	1,750,000	2,345,000

*Remark: TSP-CTV is the TSP-CTV Joint venture*

### 2. Non Audit Fee

- none-



## 7 Other treatment complied with Good Governance

In 2017, the Company has arranged for the company's directors meeting for sub-committee in corresponded with the principle of Good Governance with the details as follows:

### Statistical data of Company's Board of Directors attending the meeting in 2017

In 2017, there were 6 of the Company's Board of Directors Meeting, details of attending the Meeting as follows:

List of the directors	Number of attending/Number of the meeting
1. Ms. Phenphimol Vejvarut	6/6
2. Mr. Suradech Taweesaengsakulthai	6/6
3. Mr. Anusorn Tamajai	6/6
4. Mr. Chatchawan Triamvicharnkul	6/6
5. Mr. Asa Prateepasen	6/6
6. Ms. Asana Taweesaengsakulthai	5/6
7. Mr. Siriwat Taveesangkulthai	6/6

### Statistical data of Audit Committee attending the meeting in 2017

In 2017, there were 9 of the Audit Committee's Meeting, details of attending the Meeting as follows:

List of the directors	Number of attending/Number of the meeting
1. Mr. Anusorn Tamajai	9/9
2. Mr. Chatchawan Triamvicharnkul	9/9
3. Mr. Asa Prateepasen	9/9

*Remark : In 2017, there were 4 of the independent meeting between Audit Committee and PricewaterhouseCoopers ABAS Limited.*

### Statistical data of Corporate Governance, Risk Management, Nomination and Compensation (CGR) Committee attending the meeting in 2017

In 2017, there were 5 of the CGR Committee's Meeting, details of attending the Meeting as follows:

List of the directors	Number of attending/Number of the meeting
1. Mr. Chatchawan Triamvicharnkul	5/5
2. Mr. Asa Prateepasen	5/5
3. Mr. Siriwat Taveesangkulthai	5/5

### Statistical data of Executive Committee attending the meeting in 2017

In 2017, there were 13 of the Executive Committee's Meeting, details of attending the Meeting as follows:

<u>List of the directors</u>	<u>Number of attending/Number of the meeting</u>
1. Mr. Suradech Taweesaengsakulthai	7/13
2. Ms. Asana Taweesaengsakulthai	11/13
3. Mr. Siriwat Taweesaengsakulthai	11/13
4. Ms. Somnuk Sangin	11/13
5. Mr. Nititorn Deeumpai	13/13
6. Mr. Prasobsuk Boonkwan	12/13
7. Mr. Sven Markus Gaber	11/13
8. Mr. Nopparat Sangsawang	12/13
9. Mr. Apichai Chumsri	11/13
10. Mr. Nirut Sumongkol	13/13
11. Mr. Padungdetch Euasookkul	8/13
12. Mr. Bamrung Chinsombat	12/13
13. Mr. Sakarin Unnim	12/13
14. Mr. Chatchai Kantawirut	12/13

*Remark:* Mr.Suradech Taweesaengsakulthai participated 7 of 13 meeting as he was on duty

### Receipt of Complaint

CHO has a receipt of complaint policy for all groups of stakeholders by providing a receipt of complaint channel for both internal and external organization's stakeholders. The report of complaints will be investigated and recorded then passed through an internal auditor in order to report to CHO's independent audit committees to consider procedures to be undertaken by protecting and maintaining confidentiality of complainant and keeping confidential the name of complainant also prohibiting from disclosing such information in order to protect the complainant. Accordingly, the audit committees will make a report to the Board of Directors then CHO will consider investigating information relating to the complaint. In case of breach the code of business conduct by stakeholders, trading partners or customers, CHO will take corrective action without any compromise.

### Channel of Complaint for all stakeholders

**Receipt of Complaint Box** For the convenience, CHO puts this box outstandingly

Letter	Manager of Internal Audit Cho Thavee Public Company Limited 265 Moo 4, Klangmuang Road, Muangkhao, Mueangkhonkaen, KhonKaen 40000
E-mail	auditcom@cho.co.th
Website	www.cho.co.th
Telephone	043-043880-90 Extension 1235
Facsimile	043-043899

The company had monitored and reported to all complaint and opinions. In 2017, there was no any complaint.

## **8 The Assessment Procedures of the Committee, Sub-Committee and Chief Executive Officer**

1. The managements, the Corporate Governance, Risk Management, Nomination and Compensation Committee (CGR Committee) do the assessment together, so the Committee can compare the assessments in each topic, or compare, and evaluate each year result. The meaning of the score shown as follows:

- 0 = Strongly Disagree, or no action on such matter
- 1 = Disagree, or such matter has been done slightly
- 2 = Highly Agree, or such matter has been done fairly
- 3 = Strongly Agree, or such matter has been done very well
- 4 = Totally Agree, or such matter has been done excellently

There is a consideration of topics and contents to suit the company's current business, and to support the future expansion plans, in accordance with Corporate Governance policies and Good Practices. The assessment results will be used in determining strategies, and used for internal and external operational improvement, as well as the method to evaluate and the assessment process. In 2017, there was an assignment of 3 independent directors to evaluate performance of the Chairman and Chief Executives of the company, then proposed to the Broad of Directors for approval.

2. Secretary of the CGR Committee sends the assessment forms to the Board of Directors, Independent Directors, Audit Committee and Corporate CGR Committee.
3. The Board of Directors done the assessment and hand in it to the CGR Committee.
4. The Independent Committee done the assessment and share comments for the assessment of Chief Executive Officer, then hand in the result to the Secretary of the CGR Committee.
5. Secretary of the CGR Committee sum up the result of the Assessment, and report to the Board of Directors.
6. Secretary of the CGR Committee sums up for the assessment analysis and recommend of the Board of Directors to prepare a Strategic Plan and to improve the operation.

The criteria used in the assessment of overall Committee, Sub-Committee, Individual Committee and the Chief Executive Officer

Assessment Topic	Overall Committee	Sub-Committee	Individual Committee	Chief Executive Officer
Structure and qualification of the Committee	/	/	/	x
Role / Duties / Responsibilities of Committee	/	/	/	x
Committee's Meeting	/	/	/	X
Committee's Duties	/	X	X	X
Relationship with Managements	/	X	X	X
Self-Development and Managements	/	X	X	/
Relationship with Committee	X	X	X	/
Relationship with external parties	X	X	X	/
Administration and relationship with employee	X	X	X	/
Financial Plan	X	X	X	/
Planning and Succession Process	X	X	X	/
New Innovative Products and Services and Creating of innovation in the Organization	X	X	X	/
Leadership	X	X	X	/
Defining Strategy	X	X	X	/
Performance and Compliance Strategies	X	X	X	/
Knowledge on Products and Services	X	X	X	/
Personal Characteristics	X	X	X	/

Remark : / = Assessment done X = No Assessment

## 9 The Company's Committee Self-Assessment 2017

According to the meeting 1/2017 of Corporate Governance, Risk Management, Nomination and Compensation Committee on January 18, 2018, the committee considered unanimously for approval of self-assessment forms. The committee has been informed to prepare assessment form.

The results of the company's committee self-assessment 2017

Average score: 4.65 (Total Score: 5.00)

Score by each Topic	Average
1) Structure and qualification of the Committee	4.50
2) Roles / Duties / Responsibilities of Committee	4.30
3) Committee's Meeting	5.00
4) Committee's Duties	4.30
5) Relationship with Managements	5.00
6) Self-Development and Managements	4.80

#### Result of Audit Committees Self-Assessment 2017

##### Individual Committee

Average score: 4.11 (Total Score 5.00)

Assessment Score	Average
1) Structure and qualification of the Committee	4.06
2) Role / Duties / Responsibilities of Committee	4.20
3) Committee's Meeting	4.06

## **10 Result of the President and Chief Executive Officers Evaluation**

As a result of the Corporate Governance, Risk Management, Nomination and Compensation Committee meeting No. 1/2018 on January 18, 2018 was approved the evaluation of the President and Chief Executive Officers (CEO) with following result:

#### The results of the company's President assessment 2017

##### President Assessment evaluated by 3 Committees

Average score: 4.31 (Total Score: 5.00)

Score by each Topic	Average
1) Performance and Compliance Strategies	3.00
2) New Innovative Products and Services and Creating of innovation in the Organization	4.00
3) Self-Development and Managements	4.00
4) Relationship with Committee	5.00
5) Relation with external parties	5.00
6) Administration and relationship with employee	4.00
7) Financial Plan	4.00
8) Planning and Succession Process	3.00
9) Leadership	5.00

10) Defining Strategy	5.00
11) Performance and Compliance Strategies	4.00
12) Knowledge on Products and Services	5.00
13) Personal Characteristics	5.00

## 11 Result of Sub-Committee Self-Assessment 2017

### Result of Audit Committees Self-Assessment 2017 in conclusion as follows

The Sub-Committee Self-Assessment criteria were distributed to 2 divisions as shown below.

#### Part 1 The overall performance of the Audit Committee

From the structure and composition assessment of the Audit Committee which resulted appropriateness and effectiveness to support the Audit Committee duties. Also, the general environment contributed to the functioning of the Audit Committee.

#### Part 2 Specific operation of the audit committee

The audit committee had completed all according to responsibilities in the article as shown below :

- Group 1     Reviewing the company's financial reports, in the past year, the company has no change on its accounting policy with significant impact. Items which are not regular with significant occurred, and the items in financial reports which should pay attention specially.
- Group 2     Reviewing the internal control and internal audit with appropriateness and effectiveness, consider on the independent of the internal audit department and approve on consideration of appointment, relocate and lay-off the head or related department of internal audit. In the past year, the company has no employment on external company for internal audit service, and has no quality assessment by independent assessor for at least every 5 years.
- Group 3     Reviewing the company's legal compliance of the Stock Exchange of Thailand and related law. In the past year, the company has no issues on failure to comply with law, regulation, related conduct and rule. The company has no auditor notices about suspect behavior which may cause the corruption, and collection all issues about suspect behavior. The auditor checked and found that every internal audit issue was reported.
- Group 4     Considering on selection, appointment and offer compensation for independent person to be company's auditor, to join an auditor meeting with no management joining. During a year, the company has no policy to accept other services which is not audit service with the same audit company.

- Group 5 Considering on related or collided issues, which could cause the conflict of interest according to the Securities and Exchange Commission and related law to ensure the maximum benefit for the company. In the past year, the audit committee has no conflicts with company's Board of Director.
- Group 6 Preparing an audit committee report disclosing in the Annual Report signed by the chairman of the audit committee. It should contain at least conditions as SET specified the qualification and scope of work of the audit committee.

#### **Audit Committee**

Average score:	4.91	(Total Score: 5.00)
Score by each Topic		Average
1) Structure and qualification of the Committee		5.00
2) Role / Duties / Responsibilities of Committee		4.72
3) Committee's Meeting		5.00

#### **Result of The Corporate Governance, Risk Management, Nomination and Compensation Committees Assessment 2017 in conclusion as follows**

The Board of Directors has specified that there should be self-assessment annually by using SET assessment form as an example. Managements joining with the Corporate Governance, Risk Management, Nomination and Compensation have to improve topics, contents and prepare assessment form to suite with business of the company. The form will be proposed to the Board of Directors' meeting for approval. It is approved to use the assessment form as follows:

- 1) Self-Assessment of the Board of Director
- 2) Individual Board of Director Self-Assessment
- 3) Sub-Committee Self-Assessment
  - 3.1 Audit Committee
  - 3.2 The Corporate Governance, Risk Management, Nomination and Compensation Committees
- 4) President and Chief Executive Assessment
- 5) Executive Management Assessment

According to the meeting 1/2018 of Corporate Governance, Risk Management, Nomination and Compensation (CGR) Committee on January 18, 2018, the committee considered unanimously to approve assessment forms for The Corporate Governance, Risk Management, Nomination and Compensation Committees' performance as follows:

## The Corporate Governance, Risk Management, Nomination and Compensation Committees

Average score: 4.65 (Total Score: 5.00)

Score by each Topic	Average
1) Structure and qualification of the Committee	4.20
2) Role / Duties / Responsibilities of Committee	4.75
3) Committee's Meeting	5.00

## Result of The Executive Committee Self-Assessment 2017

1. Main responsibility and quality development division (60% of total score) achieved the average score of 93.57 or 56.14%.
2. Key Performance Indicator (KPI) division (10% of total score) achieved the average score of 92.53 or 9.25%.
3. The company performance, mental service and quality system policy responding division (30% of total score) achieved the average score of 94.58 or 28.37%.

### Conclusion

According to the results of the 3 divisions, the company performance category reported the highest average score of 94.58, and the Key Performance Indicator (KPI) category reported the lowest average score of 92.53. Therefore, the weighted average score of the Executive Committee is 93.77.

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## General information

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### General information as at December 31, 2017

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The company issuing stocks	:	<b>Cho Thavee Public Company Limited</b>
Symbol	:	CHO (registered in the Market for Alternative Investment “mai” )
The company’s registration number	:	0107556000027
Business	:	Design, inventing and manufacturing commercial automotive engineering systems including rail technology and defense industry products for example trucks, trailers, buses, catering trucks, trains, fire rescue vehicles, armored vehicle, troop carriers and battle ships.
Authorized Capital	:	295,735,443.25 Baht ( Two hundred and ninety-five million, seven hundred and thirty-five thousand four hundred forty three baht and twenty five cents)
Paid-up Capital	:	295,735,443.25 Baht ( Two hundred and ninety-five million, seven hundred and thirty-five thousand four hundred forty three baht and twenty five cents.)
Par value	:	Common Stock, 0.25 Baht (Twenty-five cents)
Preferred Stock	:	-None-
Telephone Number	:	043-043-880-90
Facsimile Number	:	043-043-899
Website (URL)	:	www.cho.co.th

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The subsidiary company	:	<b>Cho Thavee Thermotech Company Limited</b>
The company registration number	:	0405548000302
Business characteristic	:	Do the business of designing, manufacturing, assembling, and Installing of light-weighted fiberglass fresh box for truck.
Head office and the plant location	:	265 Moo 4 Klang Muang Road, Muangkhao, Muang Khon Kaen, Khon Kaen, 40000
Telephone Number	:	043-043-877-78
Facsimile Number	:	043-043-879

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Location of branch office 1 : 96/25 Vibhawadee Rangsit Road, Talad Bangkhen, Laksi district, Bangkok  
(Bangkok) 10210 Telephone No. 0-2973-4382-4 Fax No. 0-2973-4385

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Location of branch office 2 : 66/5 Moo 2, Pong, Banglamung District, Chonburi , 20150  
(Chonburi) Telephone No. 038-227-378 Fax No. 038-227-378

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Location of branch office 3 : 62 Moo 2, Lamsai, Wangnoi District, Ayutthaya 13170  
(Ayutthaya) Telephone No. 035-257085 Fax No. 035-257086

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Location of branch office 4 : 37/30 Moo 1 Nong Kham, Si Racha District, Chonburi, 20230  
(Laem Chabang, Chonburi) Telephone No. 033-005131 Fax No. 033-005132

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**Investor Relation**

Telephone Number : 043-043880-90 extension 1120

Facsimile Number : 043-043879

Email address : ir@cho.co.th

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The registrar of stocks : **Thailand Securities Depository Company Limited (“TSD”)**

Location of the office : 1th Floor, Ratchadaphisek Road, Dindaeng, Dindaeng, Bangkok 10400

Telephone Number : 02-0099999

Facsimile Number : 02-0099476

Website (URL) : www.tsd.co.th

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The auditor company : **Pricewaterhouse Coopers ABAS Limited**

The company registration number : 0105541040328

The auditor : Mr. Sudwin Panyawongkhanti Registration No. 3534

Mr. Anutai Poomsurakul Registration No. 3873

Mr. Vichien Khingmontri Registration No. 3977

Location of the office : 15<sup>th</sup> Floor Bangkok City Tower, 179/74-80 South Sathorn Road Bangkok,  
10120 Thailand

Telephone Number : 02-344-1000, 02-824-5000

Facsimile Number : 02-2865050

Website (URL) : www.pwc.com/th

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## Research and Development

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The Company lends the significant to research and development especially in the development of technology and quality of products with the variety and modernization model satisfied to the customers' demand. The Company also develops for the rapid and much more precise of production process. The Company applies the computerized system and information system in the operation in accordance with each step of plan, starting from the drafting until the delivery of products to the customers, including the providing of advices and the repairing with remote service. So, even The Company's products are used outside the country, they can be repaired and maintenance by the Company's specialist directly.

The Company shall focus on the development of designing various models of body properly to the special type of transportation required by the customers, and to the chassis of truck, trailer/semi-trailer. The Company also develops the technology and engineering systems for the products to be conveniently used, with the strength and durability, to be able to load as much as the heaviest weights, easy to be controlled for the fluently of transportation in every road condition, to be properly and durably for the usage in every kind of weather condition of every country.

The Company never stops doing research and development of products or engineering system works. The Company's research and development team has continuously designed new model of products, and developed technologies. All of the designed and innovated products will be registered with The Department of Intellectual Property. The Company has developed many items of 92 sub-patent such as: mechanism in opening-closing side of the truck's wall, set of attaching the supplemented lever, set of enlarging the length of adjustable across lever, set of rope ladder to truck's roof, set of ladder to the van's roof, set of the vehicle's ladder. In addition, there are the innovation of new products for more than 10 items under the registration process for sub-patent or innovation patent/patent in designing products from the Department of Intellectual Property.

The Company, in cooperation with The Bureau of National Innovation (public company organization) (The Ministry of Science and Technology), has done the research and development of catering hi-loaders for airbus A380 which is the world largest airplane at the present. The structure of catering hi-loaders for airbus A380 has been designed in the model of fabricate X-frame, by using high-tensile grade material which is strong and has light weight, enable for the adjusting of the structure's height level up to the maximum of 9 meters. There is also the adaptation of automatic controlling system for controlling the stability and the direction in fleeting of the catering in 6 directions, in order to facilitating and reducing the operation time. The Company has been supported from The Bureau of National Innovation (public company organization) for the expenses in doing research and development.

The Company has developed the quicker production process, making the time in production to be reduced, this came from the team of engineering department, production department and related parties in doing the research of Routine to Research (R2R) project which started since 2014. This project supported

the employees to initiate and adapt the tools and equipment in order to help faster on work process, cost and time saving, increasing work efficiency and practicing of planning, preparing, and defining the step of work in much more systematic, including the alternating production process as appropriated, and help in reducing overall production process time. The Company can maintain the manufacturing standard, the inspection and quality control according to the basis of international standard certified i.e. ISO 9001, CE mark, IATA.

Beside to the significant of research and development in products and production process, the Company also lends the significant to personnel development in order to increase the potential and the effectiveness of human resources in each department by The Company's professional who have long term work experiences, skills and knowledge in all fields. The Company has handled in regular the course of training for human resources both inside the Company and outside the company from the professional or leading institutions in order to acquire a modern knowledge and skills for The Company's employees.

Table of the research and development expenses in 2015-2017

(unit: million baht)

Item	2015		2017
	2016		
The research and development expenses	3.18	3.05	0.018
Total	3.18	3.05	0.018

### Intellectual Property

The company has registered petty patent products. Certified by the Department of Intellectual Property, 92 items, increased 15 items 2016 as follows;

No.	Patent / Petty Patent and Product design patents	Received date	Expired date
1	Mechanism for open-close side wall of the truck	03 Sep. 2010	24 Aug. 2014
2	Set of the attachment of supplement levers	18 Jan. 2011	07 Jul. 2016
3	Set of increasing the horizontal length with adjustable levers	18 Jan. 2011	19 Jul. 2016
4	Set of ladder for getting on-off the truck	28 Mar. 2011	19 Jul. 2016
5	Set of rope ladder for getting the truck's roof	28 Mar. 2011	19 Jul. 2016
6	The ladder for getting on-off the truck	26 Dec. 2011	21 Sep. 2017
7	Equipment for protection of the truck's side	12 Sep. 2012	19 Oct. 2017
8	The roof structure of the bridge to be berthed to Airplane for Hi-loaders catering truck	04 Jan. 2013	19 Oct. 2017
9	The structure of the supported legs of Hi-loaders catering truck	04 Jan. 2013	19 Oct. 2017
10	Set of extending the length of chassis bottom	04 Jan. 2013	19 Oct. 2017
11	Equipment for defining the position of laying cargo	19 Jul. 2013	19 Oct. 2017
12	Rear catering truck braced leg mount	7 Apr. 2015	19 Oct. 2017

No.	Patent / Petty Patent and Product design patents	Received date	Expired date
13	Locking latch	19 May. 2015	13 Mar. 2021
14	Engine accelerating pneumatic cylinder	19 May. 2015	10 Apr. 2021
15	Truck framing part	19 May. 2015	10 Apr. 2021
16	Rail castor	15 Jun. 2015	29 Nov. 2021
17	Truck ramp-up bridge	21 Jul. 2015	10 Apr. 2021
18	Sling controller reel	21 Jul. 2015	6 Feb. 2021
19	Pickup unlocking device	21 Jul. 2015	21 Sep. 2021
20	Door sliding frame	11 Jun. 2015	21 Sep. 2021
21	Compressor parts	28 Jun. 2015	15 Dec. 2020
22	Tow equipment	18 Jun. 2015	29 Nov. 2021
23	Shelf	19 Oct. 2015	10 Apr. 2021
24	Cap of water tank	19 Oct. 2015	13 Mar. 2021
25	Metal section	19 Oct. 2015	15 Dec. 2020
26	Metal section	19 Oct. 2015	15 Dec. 2020
27	Side vehicle access ladder	19 Oct. 2015	10 Apr. 2021
28	Metal section	19 Oct. 2015	15 Dec. 2020
29	Rail castor	08 Oct. 2015	08 Jan. 2022
30	Rail castor	08 Oct. 2015	08 Jan. 2022
31	Set of metal section	09 Dec. 2015	15 Dec. 2020
32	Parts of the truck	09 Dec. 2015	10 Apr. 2021
33	Ladder	09 Dec. 2015	13 Mar. 2021
34	Entrance barrier equipment	09 Jan. 2016	12 Dec. 2021
35	Truck tailgate locking equipment	14 Jan. 2016	10 Nov. 2020
36	Parts of truck frame	14 Jan. 2016	26 Sep. 2020
37	Equipment for lifting trash	14 Jan. 2016	26 Dec. 2020
38	Truck frame	14 Jan. 2016	26 Sep. 2020
39	Equipment for wide extension of the truck	14 Jan. 2016	26 Sep. 2020
40	Truck framing part	14 Jan. 2016	26 Sep. 2020
41	Truck frame	14 Jan. 2016	26 Sep. 2020
42	Ladder for vehicle	14 Jan. 2016	10 Apr. 2021
43	Equipment for the attachment of spare tires	29 Jan. 2016	14 Sep. 2020
44	Clamp equipment	29 Jan. 2016	10 Nov. 2020
45	Truck tailgate locking equipment	29 Jan. 2016	10 Nov. 2020
46	Equipment for adjustment of the torsion of springs	29 Jan. 2016	10 Apr. 2021
47	Equipment for open-close doors of vehicle	29 Jan. 2016	10 Nov. 2020
48	Truck tailgate locking equipment	29 Jan. 2016	14 Sep. 2020

No.	Patent / Petty Patent and Product design patents	Received date	Expired date
49	Spare tires locking equipment	29 Jan. 2016	10 Nov. 2020
50	Truck side gate locking equipment	29 Jan. 2016	14 Sep. 2020
51	Locking equipment	29 Jan. 2016	10 Nov. 2020
52	Equipment for attachment of caster for belt adjustment	30 Mar. 2016	06 Feb. 2021
53	Truck tailgate locking equipment	10 Mar. 2016	26 Sep. 2020
54	Truck tailgate locking equipment	10 Mar. 2016	26 Sep. 2020
55	Equipment for triggering car tires	10 Mar. 2016	26 Sep. 2020
56	Part of equipment for truck axle attachment	10 Mar. 2016	26 Sep. 2020
57	Metal section	06 Nov. 2015	08 Dec. 2020
58	Locking latch	10 Mar. 2016	26 Nov. 2020
59	Equipment for triggering car tires	10 Mar. 2016	26 Sep. 2020
60	Supported beam for cargo box	05 Apr. 2016	19 Oct. 2021
61	Part for supporting frame of cargo box truck	05 Apr. 2016	19 Oct. 2021
62	Conveyor bridge	05 Apr. 2016	19 Oct. 2021
63	Drawer structure for vehicle	05 Apr 2016	19 Oct. 2021
64	Equipment for attachment of vehicle wheel chock	18 Apr. 2016	19 Oct. 2021
65	Set of fixture with hydraulic cylinder for truck	08 May. 2016	07 Dec. 2021
66	Car set	03 May. 2016	15 Aug. 2020
67	Part for supported legs	03 Jun. 2016	08 Jan. 2022
68	Part for supported legs	13 Jun. 2016	29 Nov. 2021
69	Truck framing part	13 Jun. 2016	14 Sep. 2020
70	Truck framing part	09 Jun. 2016	26 Sep. 2020
71	Lever for on-off control	09 Jun. 2016	10 Apr. 2021
72	Side vehicle access ladder	09 Jun. 2016	10 Apr. 2021
73	Trailer frame for truck	09 Jun. 2016	21 Feb. 2021
74	Part of elevator structure	09 Jun. 2016	09 Nov. 2021
75	Part of elevator structure	09 Jun. 2016	09 Nov. 2021
76	Control switch of supported legs	07 Apr. 2016	13 Mar. 2021
77	Weight supporter for truck	27 Sep. 2016	06 Feb. 2021
78	Weight supporter for truck	27 Sep. 2016	06 Feb. 2021
79	Pickup	27 Sep. 2016	06 Sep. 2021
80	Frame of cargo box door	27 Sep. 2016	06 Sep. 2021
81	Part of lift structure	27 Sep. 2016	06 Sep. 2021
82	Hydraulic cylinder mounting	27 Sep. 2016	09 Nov. 2021
83	Truck cab Structure	27 Sep. 2016	09 Dec. 2021
84	Bridge for delivery things into aircraft	27 Sep. 2016	07 Dec. 2021
85	Folding mechanism to prevent falling down	27 Sep. 2016	07 Dec. 2021

No.	Patent / Petty Patent and Product design patents	Received date	Expired date
86	Part of cargo Box	27 Sep. 2016	07 Dec. 2021
87	Vehicle Bumper	11 Aug. 2016	29 Nov. 2021
88	Weight supporter for truck	14 Jul. 2016	06 Feb. 2021
89	Hydraulic controlling handle	24 Nov. 2016	21 Sep. 2021
90	Bracket for mounting controlling device in vehicle	09 Sep. 2016	13 Mar. 2021
91	Part of truck structure	01 Aug. 2017	26 Nov. 2025
92	Ladder for Vehicle	07 Aug. 2017	17 Dec. 2025

*Remark: as of December 31, 2017, the company was on process to request sub-patents / or patents registration of 10 items*

### Projects in the future

The Company has projects in the future coping with the plan to expand the revenues of the Company and the subsidiary company to grow in continuous in the future as follows:

Project	Capital Investment (Approximated Value)	Period
<u>Projects in the future of CHO</u>		
1.) Bus Production	45 Million Baht	2016-2018
2.) Research and Development of Automation System		
2.1 Robot for industrial work	15.00-20.00 Million Baht	2012-2019
3.) One Stop Service Center expansion 8 Centers around Thailand. (1 service center started its operation at the beginning of 2017)	480 Million Baht	2017-2019
4.) Khon Kaen City Development Project	600 Million Baht	2018-2021
<u>Project of subsidiary company</u>		
1.) Factory Nearby Bangkok Project	50.00 Million Baht	2019-2020

## Project in the Future of the Company

### 1. Bus Production Project

The air conditioning bus not less than 30 seats by using natural gas fuel, the Company applied for the support from The Board of Investment (BOI), BOI Certificate No. 1528(2)/2554. The production and assembly of the bus help reducing expenses of importing the whole bus from overseas, also emphasizing on creating the value of domestic and local industry cost. To send and support The Company's professional learning the process of production and assembly and transmission of the knowledge as a Knowledge Management

(KM) helps the Company continues improving the overseas technology also to reduce cost of public sectors' procurement by replacement of air conditioning bus for residents' services. Inclusive of a regular repair and maintenance helps reducing risk of ignoring after sale services from the distributor also to create a constantly work in industries within the country such as car seat factory, screen/mirror factory, tire factory, battery factory and car's electrical wire and cable factory. Additionally, The Company shall be ready to perform immediately if acquiring the auction and receiving the agreement of contract work, and shall also expand the factory for export. Currently, there are research and development of various energy sources such as Hybrid system and electric system with prototype products sold to customers in 2016.

## 2. Research and Development of Automation System

A robot assistant in the factory: the company has signed consulting agreement for R&D project of a robot prototype on 1st November 2012. It takes 5 years for the operation with the outcome as robot prototype, and being tested 5 years in the line of company product until the production of product, and being sold. The company expects that it will start the production as commercial within 2023. The main objective of the development of robot assistant in the factory is to coordinate in developing of production system in reaching the adoption of modern technology with economical costs, the increasing of production capacity and value added to the customers' products. The Company shall design the robot as simplicity and focus on the SMEs customers.

## 3. One Stop Services Center expansion 8 Centers around Thailand Project



CHO invested in the Services Center named "Sib Lor 24-hour by CHO" with the first branch in Chonburi province. It will be expanded more 7 branches nationwide within 2020 with a capital investment of 480 million Baht. The service center provides repair service, fully maintenance engine, body and electrical system. This project has continued from the previous service center started operation since 2011 with satisfy performance. The survey of logistics business requirement reported there is a demand in this business. The company also plans to provide registration service, taxation service, insurance and sale spare parts and accessories. There are professional technician teams, new equipment and data record system which the data can be linked to each car's repair history at any service center.

## 4. Khon Kaen City Development Project

The company has conducted 2 project Bidding.

1. The project of KhonKaen Transit Oriented Development owned by owned by KhonKaen Transit System Company Limited (Enterprise of 5 Municipalities of KhonKaen Province): to Design and Build Contract for the Civil Works and Structures as well as Production and Installation of the Light Rail Transit Systems in the category of TRAM and Transit Oriented Development for the project Khon Kaen Smart City (Phase 1) with the period of 3 years or their planning. The Company bided in the name of CKKM. Joint Venture.



<b>Name</b>	CKKM Joint Venture Agreement
<b>Contract parties/Investment ratio</b>	<p>Investment ratio as at the date of submission (December 22, 2017)</p> <ol style="list-style-type: none"> <li>1. Cho Thavee Public Company Limited : 49%</li> <li>2. KhonKaen Cho Thavee (1993) Company Limited : 45% (Taweesaengsakulthai group is the major shareholder with the proportion of 97% shares)</li> <li>3. Ktech Building Contractors Co., Ltd. : 6% (Ktech Construction PLC. is the major shareholder with the proportion of 99.99% shares)</li> <li>4. MCC Overseas Limited : -not invested yet- (China Metallurgical Corporation, a Chinese government-owned company, is the shareholder with the proportion of 100% shares)</li> </ol> <p>If awarded, the investment ratio will be changed as follows:</p> <ol style="list-style-type: none"> <li>1. Cho Thavee Public Company Limited : 25%</li> <li>2. KhonKaen Cho Thavee (1993) Company Limited : 23%</li> <li>3. Ktech Building Contractors Co., Ltd. 3%</li> <li>4. MCC OVERSEAS LIMITED : 49%</li> </ol>
<b>Date of establishment</b>	December 19, 2017

2. The project of Operation, Maintenance and Services in the Light Rail Transit Systems in the category of TRAM and Transit Oriented Development for the project KhonKaen Smart City (Phase 1) with the period of 30 years, a project management with no right in property and revenue allocation with the project owner. The Company bided in the name of KLRTT Consortium.

<b>Name</b>	KLRTT Consortium
<b>Contract parties/Investment ratio</b>	<p>1. KLRT Company Limited</p> <p>A main company responsible for operation and management of the Light Rail Transit Systems with the proportion of 60% of the project value. (CHO invested 49% in KLRT Company Limited)</p> <p>2. Thep Nakhon KhonKaen Route Company Limited : 40% of the project value (KKT Holding Company Limited is the major shareholder with the proportion of 96% shares)</p>
<b>Date of establishment</b>	December 19, 2017

#### Future projects of the subsidiary company

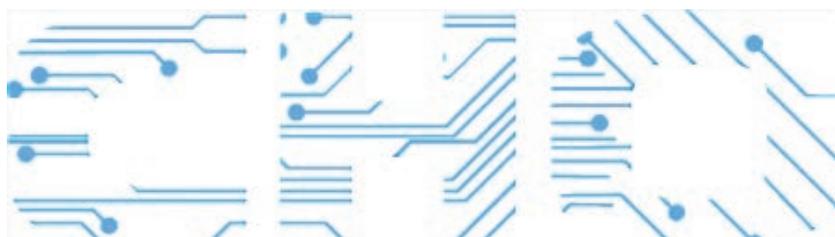
Constructing and expanding of the production factories Project, due to The Company's subsidiary located within the Company. Although, at the present the production has increased as per the increment of purchase orders, because of the limited of area resulted limited capacity of production. The Company's subsidiary therefore considered searching the area in Bangkok and surrounding areas for constructing and expanding the factories in other areas in order to promptly response to the customer's needs.

#### Projects in the process of presentation or bidding

The Company has projects in the process of presentation or bidding both from public and private sectors as follows:

Project	Business alliance	Project value (approximate)	Duration of project (expectation)
Project in repair & maintenance of Vehicle for defensive industry within country	BAE SYSTEMS	100 million baht/ year	2019-2021

Remarks: BAE systems is the world second big manufacturer of products for the country's defense, from United Kingdom (at the present, the company has passed the due diligence from BAE systems, and under the negotiation about the detail of business alliance)



# Overall Policy and Business Operation



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# Overall Policy and Business Operation

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## 1 Overall Policy and Business Operation

Cho Thavee Public Company Limited (Formerly Cho Thavee Dollasien Public Company Limited), “CHO”, with the longtime of experiences and the specialties of the executives and team work in field of engineering and management, combine the world-class engineering technology with the professional management in reaching the capability to design and create commercial vehicle frame and expanding the business to the business of management services for special project pertaining to the logistics and other services dealing with the company products such as: the project of building offshore patrol vessel : OPV which the company has joined with Bangkok Dock (1957) Co., Ltd. in managing with modern technology in order to increase the capability of ship building industry of Thailand to be competed in the region level. The project of maintenance and fixing center of the trucks to Linfox Transport (Thailand) Co., Ltd. (“LINFOX”), and project of Ek-Chai Distribution System Co., Ltd. (TESCO-LOTUS) with over 1,000 units.

### Vision **CHO 2023 STRONG BRAVE DIFFERENT**

The Company is aiming to become the leader in designing, creating, and manufacturing innovative world-class technology professional management and unique knowledge by using to reach the excellence, building customer’s confidence and satisfaction with consciousness in corporate social responsibilities and environmental concerns. The Company’s target is to proudly supply quality products under the name CHO as a world-class brand. And to create the happiness to the partners, as well as to enhance our competitiveness to become the leader of innovative technology for the sake of Thailand.

### Mission

- To build unique knowledge of CHO and a professional development
- To increase recognition, awareness and confidence in the brand CHO.
- To produce a great variety of safe and user friendly products and services which are not only sustainable but environmental friendly as well.
- To create happiness for our employees and stakeholders.
- To search and constantly develop new technology.
- To achieve excellence in finance and marketing.
- To continued receive Quality award and National Innovation Agency award as well as Petty Patents not less than 5 projects per annum.
- To build the identity of “CHO” species.

## Unique

**C** = Creativity to drive innovative developments

**H** = High Performance Organization under Good Governance

**O** = One of a kind along with identity of “CHO” species

Identity **"STRONG, BRAVE AND DIFFERENT"**

## 2 History and the major developments

The family of Taweesaengsakulthai (or CHO Thavee group) by Mr. Cho Taweesaengsakulthai and Ms. Usa Taweesaengsakulthai was the founder of the transportation trucks in Khon Kaen province. He was also the founder of the truck dealer since year 1968. He, then, has expanded to the business of manufacturing and assembling bus body. In 1980, he has expanded to the manufacturing and assembling of the body of trailer, semi-trailer, and various kinds of transport truck. Cho Thavee group has continuously developed the technology of trailer and commercial trucks. With the neat in designing of the body in various kinds suitably with the customer's truck chassis in order to produce the strength and the durable truck body to meet with types of transportation work using under every kind of road condition and weather condition.

In the second generation of Cho Thavee group leading by Mr. Suradech Taweesaengsakulthai, a son of Mr. Cho Taweesaengsakulthai and Ms. Usa Taweesaengsakulthai. They graduated in field of automobile engineering and business administration from Japan, viewing to the trend of demand in large logistics system by the large special trailer. He also viewed to the important of the innovation in assembling the truck body, which rely on the leading technology from abroad, will be increased in the industry of trailer, semi-trailer in the future. He, then, decided to establish Cho Thavee Dollasien Co., Ltd. (“The company” or “CHO”) on November 18, 1994 by joining the family company namely Khonkaen Cho Thavee (1993) Co., Ltd. (“CTV-1993”) with the leading manufacturer company of truck body and trailer from Germany namely Doll Fahrzeugbau AG (“DOLL”), in order to do the business of designing, manufacturing, assembling the body, and installing of engineering system pertaining to the truck body, the trailer and the truck for commercial. The registered capital was 10 million baht, 74% of these to be held by the group of Thai shareholders and CTV-1993, and the rest of 26% to be held by DOLL.

CTV-1993 (previously called “Cho Ruamthavee industry Co., Ltd.” and has been changed later on May 28, 1993). DOLL (previously called Emil Doll GmbH) who has the experience for long time in manufacturing and assembling of the truck body for commercial. Detail as follow:

- CTV-1993 started the business of manufacturing and assembling of the truck body, the bus body, and has developed the technology in logistics in Thailand since 1990. At the present, CTV-1993 do not do the business of manufacturing and assembling the truck body. Instead,

CTV-1993 altering to do the business of selling the front part of the truck, all kinds of truck and offering the services of the truck hire purchasing loan.

- DOLL started the business of manufacturing and assembling of the truck body and special types of trailer since 1922(after World War I). DOLL has the competency in manufacturing special trailer for loading materials with heavy weights and in large sizes, also with the materials with special length, by using the modern technology.

In addition, the company has joined with the French business man in 2005 in establishing Cho Thavee Thermotech Co., Ltd. (“CTV-TMT”) with registered capital of 10 million baht. CHO held in portion of 80% of registered capital, and the French business man held in portion of 20% of registered capital. This company has the purpose of doing business in designing, manufacturing, assembling, and installing of the fiber glass fresh box for truck with light weight for using in the transportation of merchandises, fresh foods and dried foods. In order to maintain the quality of the products until the destinations, also with the physical shape and the temperature of the products to be kept in the same condition as prior to the transportation. At the present, CTV-TMT has its registered capital and paid-up capital of 20.00 million baht. CHO held the shares in CTV-TMT for 99.99% of the registered capital.

The company has changed its shareholders group structure. Mr. Suradech Taweesaengsakulthai, founder of the company and currently the executive director and management, has invested in the company’s common stocks wholly of CTV-1993 since 2002. At the present, the company’s shareholders structure held by the group of Taweesaengsakulthai as major shareholder with the portion of 93.18% of registered capital prior to the initial public offering (“IPO”) during May 2-7, 2013. The company has raised its registered capital and called for the additional paid-up capital for 50 million baht, and the company’s common stocks have been registered in the market of alternative investment (mai). The Company, later, has issued warrants to its existing shareholders without value on October 28, 2013 amounting to 360 million units, with the book closure date on October 27, 2016. (There were 8 exercises of the company’s stock warrants CHO-W1with the total stock warrants exercised of 355,575.489 units.) The company had its registered capital and paid-up capital of 295,735,443.25 Baht at 0.25 Baht par value per a share.

In the past three years, the history and major developments of the company and its subsidiary can be summarized as follows:

### Major Developments

Year  
2015

- The company collaborated with the German company, FRAMO GmbH in order to transfer technology and innovation energy for vehicles by electricity and programming control systems in Thailand. With the main purpose to provide the automotive components that suitable for every level of entrepreneur.
- The company was the contractor of KKU Smart Transit, an NGV public transportation which will be operated in the area of KhonKaen University for the five-year contract in 2016 – 2020 budgeting period. (Beginning October 1, 2015, ended September 30, 2020).
- The company signed a Memorandum of Understanding (MOU) with CP ALL and Faculty of Engineering Technology, Panyapiwat Institute of Management (PIM). The tripartite hasco-operated to develop a project of alternative energy systems and logistics automotive which generated the first electric commercial vehicle in Thailand.
- The company signed a Memorandum of Understanding (MOU) with Faculty of Engineering, KhonKaenUniversity on September 9, 2015. The main objective is to improve the ability of students, the faculty staffs and CHO staffs and to create the research and development of automotive, public transportation, logistics and rail systems industry management in order to meet the international standard.
- The company established a southern maintenance base in the new customer's area, Phun Phin, Surat Thani province, Thailand.
- The company has registered the changes in capital on April 3<sup>rd</sup>, 2015 from THB 191,365,325 to THB 202,559,900 due to the 2<sup>nd</sup> exercises of the company's stock warrants (CHO-W1) on March 31, 2015 for 44,778,300 units. Thus, the company received THB 22,389,150 for the working capital.
- The company had participated in the auction of the government agency's 489 units of natural gas (NGV) public transportation buses purchasing project contract of 1,784.85 million baht and the 10 years buses maintenance contract of 2,446.35 million baht by electronics method and the scope of work (TOR) had defined conditions for the repair and maintenance of buses. The government agency announced that the company has won the auction for the repair and maintenance of buses on July 27, 2015. Afterward, The Company had received a canceling letter of the 489 units of natural gas (NGV) public transportation buses purchasing project contract and the 10 years buses maintenance contract on December 3, 2015.
- The company has registered the changes in capital on July 2, 2015 from THB 202,559,900 to THB 205,376,975 due to the 3<sup>rd</sup> exercises of the company's stock warrants (CHO-W1)

## Major Developments

on June 30, 2015 for 11,268,300 units. Thus, the company received THB 5,634,150 for the working capital.

- The company has registered the changes in capital on October 6, 2015 from THB 205,376,975 to THB 206,127,675 due to the 4<sup>th</sup> exercises of the company's stock warrants (CHO-W1) on September 30, 2015 for 3,002,800 units. Thus, the company received THB 1,501,400 for the working capital.
- The company has registered the changes in capital on January 7, 2016 from THB 206,127,675 to THB 228,478,200 due to the 5<sup>th</sup> exercises of the company's stock warrants (CHO-W1) on December 30, 2015 for 89,402,100 units. Thus, the company received THB 44,701,050 for the working capital.
- The company has registered the changes in capital on April 5, 2016 from THB 228,478,200 to THB 229,586,225 due to the 6<sup>th</sup> exercises of the company's stock warrants (CHO-W1) on March 31, 2016 for 4,432,100 units. Thus, the company received THB 2,216,050 for the working capital.
- On April 5, 2016, The Company has signed a contract with SAP (Thailand) Co., Ltd. which is the ERP on Cloud software developer under the program named SAP Business By Design. The program will help to develop the company performance to reach the company goals. To set up a suitable system, the company appointed Netizen Co., Ltd. to be a consultant of ERP Implementation by using SAP Business By Design program. The purposes are to combine all data with the ERP system for the fast ability to reach data, the correction and the accuracy, to support the expansion of 8 places of One Stop Services Centers nationwide within 2018 including after sales services for the other product group so the company can provide after sales service in every area worldwide.
- On May 9, 2016, the company joint with LeKise Lighting Co., Ltd. and established a joint venture company LeKise and Cho Thavee for doing a business of LED bulb installment.
- On May 19, 2016, the company joint with KhonKaen Cho Thavee (1993) and established a joint venture company JVOPV for doing a business of production of Offshore Patrol Vessel's blocks.
- On June 17, 2016, the company joint with East Innovation Co., Ltd. and established a joint venture company JVCE for doing a business of GPS tracking system installment for buses, then the company canceled the business registration on January 11, 2017.
- On June 17, 2016 The company joint with KhonKaen Cho Thavee (1993) Co., Ltd. and established a joint venture company JVKK for doing a business of providing steel structure workshop for building the Offshore Patrol Vessel.

Year  
2016

## Major Developments

Year  
2017

- On May 10, 2016, the company name has changed from Cho Thavee Dollasian Public Company Limited to be Cho Thavee Public Company Limited for easier to recognize.
- The company issued and sold debentures for institute investor and/or major investor. The debentures named “Debentures of Cho Thavee Public Company Limited No. 1/2016 maturity in 2018”, it is type of name-registered, unsubordinated, unsecured debenture and no debenture holders’ representative. There was a limitation of 300,000 units at the price of 1,000 baht, the total value is not exceed 300,000,000 baht. The issue date is June 16, 2016.
- The company has registered the changes in capital on July 8, 2016 from THB 252,497,031.25 to THB 258,198,015 due to the 7<sup>th</sup> exercises of the company’s stock warrants (CHO-W1) on June 30, 2016 for 20,730,850 units. Thus, the company received THB 10,352,986.49 for the working capital.
- The company has registered the changes in capital on November 2, 2016 from THB 258,198,015 to THB 295,735,443.25 due to the 8<sup>th</sup> exercises (last time) of the company’s stock warrants (CHO-W1) on October 27, 2016 for 150,149,713 units. Thus, the company received THB 68,167,969.70 for the working capital.
- The company signed a Memorandum of Understanding (MOU) with the Singapore leader company on national defense industrial.
- On May 5, 2017, the company has expanded its branch, a 24-hours service center in the name of “Sib Lor 24-hour by CHO”, which is the first opening at Chonburi province, to provide truck maintenance service of engine, chassis, trailer, suspension system, electrical system and also sale spare parts.
- On April 27, 2017, the company has decreased its registered capital of THB 1,237,051.25 as right off of 4,948,205 ordinary shares at the value of THB 0.25, which is the remaining of 2015’s dividend and the remaining of exercises of Warrants to purchase of ordinary shares of The Company No.1 (CHO-W1)
- On June 2, 2017, employees who have passed national skill standards test received certificates with 3-star mark from the Institute for hi-tech skill development, mid north-eastern region, section of logistics, mechatronics and automations program (Khon Kaen)
- On June 15, 2017, the company has signed a lease agreement with Bangkok Mass Transit Authority (BMTA) for lent out electronic ticket system with equipment (E-Ticket) on 2,600 buses. The company awarded the bidding with the project value of THB 1,665,000,000.
- On October 31, 2017, the company has signed a MOU with Krung Thai Bank (KTB), Khon Kaen Think Tank (KKTT) and JUMPUP to create a project of financial management through KTB Digital Platform. The project is for information support and cooperation on financial

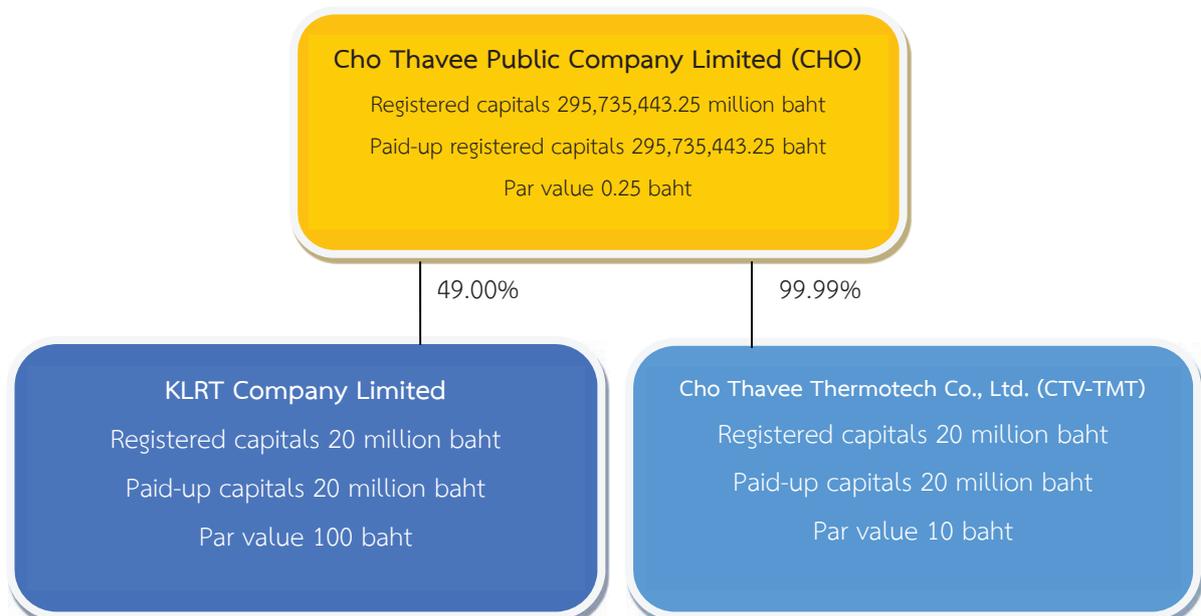
## Major Developments

management such as e-Money Card issuance for QR Code payment via smart device under the standard system of KTB.

- On December 7, 2017, the company has formed a consortium with Scan Inter Public Company Limited in the name of “SCN-CHO cooperation” to co-propose the quotation for the trade and maintenance for NGV air-condition vehicle for the Bangkok Mass Transit Authority (BMTA).The contract was signed on December 27, 2017 with a project value of THB 4,261 million (VAT included),comprised of vehicle valued THB 1,891 million (VAT Included) and 10-year maintenance service contact valued THB 2,370 million (VAT Included).
- On December 19, 2017, the company joint with Khon Kaen Think Tank (KKTT) Company Limited for participation in the Bidding of Khon Kaen City Development project, with the proportion of 49%.
- On December 25, 2017, the company tendered for 2 projects of Khon Kaen City Development with CKKM Joint Venture and KLRTT Consortium. The tender result is still unclear.

## 3 Shareholder Structure

As at December 31, 2017, the Company has 2 subsidiaries namely Cho Thavee Thermotech Co., Ltd. and KLRT Company Limited. The structure of the group being shown below:



### The subsidiary company

Name	: Cho Thavee Thermotech Co., Ltd. (CTV-TMT)		
Business characteristic	: Designing, manufacturing, assembling, and Installing of light-weighted fiberglass fresh box for truck.		
Location of H.O. & factory	: 265 Moo 4, Klang Muang Rd., Tambol Muang Khao, Muang Khonkaen 40000.		
Telephone/Fax	: 0-4304-3877-78 / 0-4304-3879		
Location of Bangkok office	: 96/25 Vibhavadee Rangsit Rd., Bangkhen, Laksi district, Bangkok 10210		
Telephone/Fax	: 0-2973-4382-84 / 0-2973-4385		
Registered capitals	: 20 million baht		
Paid-up registered capitals	: 20 million baht		
Par value	: 10 baht per share		
Amount of shares	: 2,000,000 shares		
List of directors	: 1) Mr. Suradech Thaweesaengsakulthai 2) Ms. Asana Taweesaengsakulthai 3) Mr. Prasobsuk Boonkwan		
List of shareholders	1) Cho Thavee Public Company Limited	1,999,995 shares	99.99%
	2) Other minor shareholders	5 shares	0.01%
	<b>Total</b>	<b>2,000,000 shares</b>	<b>100.00%</b>

<b>2. Name</b>	: <b>KLRT Company Limited (KLRT)</b>		
Business characteristic	: Freight and business related to the transportation.		
Location of H.O. & factory	: 555/56 Moo 12, KasikonThung Sang Rd., Nai Mueang, Klang Muang Rd., Tambol Muang Khao, Amphur Muang Khonkaen, Khonkaen 40000.		
Telephone/Fax	: 061-8230318		
Registered capitals	: 20 million baht		
Paid-up registered capitals	: 20 million baht		
Par value	: 100 baht per share		
Amount of shares	: 200,000 shares		
List of directors	: 1) Mr. Kungwan Laovirojjanakul		
List of shareholders	1) KKTT Holding Company Limited	101,997 shares	50.9985%
	2) Cho Thavee Public Company Limited	98,000 shares	49.00%
	3) Other minor shareholders	3 shares	0.0015%
	<b>Total</b>	<b>200,000 shares</b>	<b>100.00%</b>

## Jointly-Control Entity

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Name	:	<b>TSP-CTV Joint Venture</b>
Business characteristic	:	Sale and installment of light bulb and electrical equipment
Date of establishment	:	August 2, 2013
Investment ratio	:	- Cho Thavee Public Company Limited : 50% - TSP Energy Saveing Lighting Company Limited : 50%
Capitals	:	20,252,500.00 Baht

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Name	:	<b>JVCC Joint Venture</b>
Business characteristic	:	Manufacturing, assembly and maintenance for NGV Bus
Date of joint venture agreement	:	June 25, 2013
Investment ratio	:	- Cho Thavee Public Company Limited : 50% - Khonkaen Cho Thavee (1993) Co., Ltd. : 50%
Registered capitals/Paid-up capitals	:	-N/A-

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Name	:	<b>LeKise &amp; Cho Thavee Joint Venture</b>
Business characteristic	:	Installing LED lighting systems
Date of joint venture agreement	:	May 9, 2016
Investment ratio	:	- Cho Thavee Public Company Limited : 10% - Lekise Lekise Lighting Co., Ltd.: 90%
Registered capitals/Paid-up capitals	:	- N/A -

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Name	:	<b>JVCKK Joint Venture</b>
Business characteristic	:	Providing steel structure workshop for building the Offshore Patrol Vessel
Date of joint venture agreement	:	June 17, 2016
Investment ratio	:	- Cho Thavee Public Company Limited : 60% - Khonkaen Cho Thavee (1993) Co., Ltd. : 40%
Registered capitals/Paid-up capitals	:	- N/A -

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Name	: <b>JVOPV Joint Venture</b>
Business characteristic	: Producing blocks of the Offshore Patrol Vessel(OPV)
Date of establishment	: May 19, 2016
Investment ratio	: - Cho Thavee Public Company Limited : 50%
	- Khonkaen Cho Thavee (1993) Co., Ltd. : 50%

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Name	: <b>KLRTT Joint Venture</b>
Business characteristic	: A Joint Venture for Project management for Maintenance and Service in the Light Rail Transit System in the category of Tram and Transit Oriented Development
Date of joint venture agreement	: December 11, 2017
Investment ratio	: - KLRT Company Limited : 60%
	-Thep Nakhon Khon Kaen Route Company Limited : 40%
Registered capitals/Paid-up capitals	: - N/A-

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Name	: <b>“SCN-CHO Cooperation” Consortium</b>
Business characteristic	: Working on the project trade and maintenance for 489 NGV air-conditioned vehicle for the Bangkok Mass Transit Authority (BMTA)
Date of consortium agreement	: December 7, 2017
Investment ratio	- Cho Thavee Public Company Limited : 50%
	- Scan Inter Public Company Limited : 50%
Registered capitals/Paid-up capitals	: - N/A-

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Name	: <b>CKKM Joint Venture</b>
Business characteristic	: A Joint Venture for Design and Build Contract for Civil Works and Structures as well as Production and Installation of the Light Rail Transit System in the category of Tram and Transit Oriented Development
Date of joint venture agreement	: December 19, 2017
Investment ratio	: - Cho Thavee Public Company Limited : 49%
	- Khonkaen Cho Thavee (1993) Co., Ltd. : 45%
	- K-TECH BUILDING CONTRACTORS COMPANY LIMITED : 6%
Registered capitals/Paid-up capitals	: - N/A-

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Name	: Consortium Agreement For BMTA E-Ticket Project
Business characteristic	: Project Leasing of Electronic Ticket (E-Ticket) Systems with Equipment
Date of joint venture agreement	: March 1, 2017
Investment ratio	: - Cho Thavee Public Company Limited - Jump Up Co., Ltd. - MOL Payment Co., Ltd. - Acentech (Thailand) Co., Ltd. - Korea Smart Card Co., Ltd. (Investment ratio: N/A)
Registered capitals/Paid-up capitals	: - N/A-

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## 4 Business Related of Main Shareholders

The Company is the creating and manufacturing of commercial body truck and other services. The Company buy and sales many brand of truck chassis and spare part included services to customer. The Company do others business that seem to be benefit and values added to the company. By the comparison of price as appropriate and complied with business of the main shareholder and director, detail and related as follows:

### The related companies

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Name	: KhonKaen Think Tank (KKTT) Co., Ltd.
Business characteristic	: Raise fund for KhonKaen City development projects
Date of establishment	: January 8, 2015
Registered capitals/Paid-up capitals	: 200 million baht / 200 million baht
The relationship	: One director of the company is the shareholder of the related company which is Mr. Suradech Taweesaengsakulthai holds 6.86% of Registered capitals. -There is one related director – Mr. Suradech Taweesaengsakulthai

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Name	: <b>Khonkaen Cho Thavee (1993) Co., Ltd.</b> (Formerly known as “Cho Ruamthavee Industry Co., Ltd.)
Business characteristic	: Sell of head of the truck, every type of truck, and offer hire purchase loan for truck.
Date of establishment	: May 4, 1990
Registered capitals/Paid-up capitals	: 325 million baht/325 million baht
The relationship	: Two directors of the company are the shareholders of the related company which are (1) Mr. Suradech Taweesaengsakulthai holds 97.38% of Registered capitals. (2) Ms. Asana Taweesaengsakulthai holds 0.69% of Registered capitals. - There is one related director-Mr. Suradech Taweesaengsakulthai

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Name	: <b>Volrep Truck and Bus Co., Ltd.</b>
Business characteristic	: Repair the engine and head of trucks, the company consists of 17 employees at the present.
Date of establishment	: September 8, 1992
Registered apitals/Paid-up capitals	: 20 million baht/ 20 million baht
The relationship	: - One director of the company is the shareholder of The related company which is Ms. Asana Taweesaengsakulthai holds 0.50% of Registered capitals. - There is one related director- Ms. Asana Taweesaengsakulthai.

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Name	: <b>Khonkaen Cho Thavee Limited Partnership</b>
Business characteristic	: Sell cars, trucks, semi-trucks, other kinds of vehicles.
Date of establishment	: May 18, 1977
Registered capitals/Paid-up capitals	: 3 million baht/3 million baht
The relationship	: - Two director of the company are the shareholder of The related company (1) Mr. Suradech Taweesaengsakulthai holds 13.33% of registered capitals. (2) Ms. Asana Taweesaengsakulthai holds 13.33% of registered capitals. - There is one related director-Mr. Suradech Taweesaengsakulthai.

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Name : **Ruamthavee Khonkaen Co., Ltd.**  
Business characteristic : To sell of cars, spare parts, and provide the Repair Services  
Date of establishment : October 6, 1955  
Registered capitals/Paid-up capitals : 287 million baht/287 million baht  
The relationship : One director of the company is the shareholder of the related company which is Mr. Siriwat Taveesangsakulthai holds 19.16% of Registered capitals.  
-There is one related director – Mr. Siriwat Taveesangsakulthai

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Name : **Tang Hua Sing Nakhon Pathom Limited Partnership**  
Business characteristic : Retailer of engine, spare parts, and sale distributor of HINO truck's head.  
Date of establishment : August 15, 1967  
Registered capitals/Paid-up capitals : 5 million baht/5 million baht  
The relationship : One director of the company is a partner of the related company which is Mrs. Phenphimol Vejvarut, Partner and Managing Partner

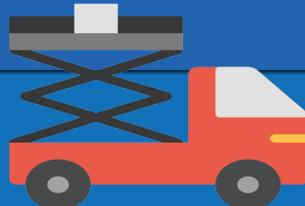
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Name : **O J Development Co., Ltd.**  
Business characteristic : Rental retail area  
Date of establishment : July 9, 2009  
Registered capitals/Paid-up capitals : 10 million baht/ 10 million baht  
The relationship : - One director of the company is a partner of the related company which is Ms. Asana Taveesangsakulthai holds 44.99% of registered capitals.  
- There is one related director- Ms. Asana Taveesangsakulthai.

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# Business Characteristic



## Business Characteristic

The Company has continuously delivered the products and services, by concerning to the accuracy according to standard basis as per the announcement from the land transportation department. The Company has been certified to the registration as the first level manufacturer of vehicles according to the announcement from the land transportation department subjected: The basis, procedure, and condition in approving the chassis and the body of vehicles for the transportation of animals or objects feature 6 (trucks) feature 7 (semi-trucks) and feature 8 (semi-trucks containing long materials) B.E. 2553. The Company products and services are accepted by domestic and foreign customers. The Company has the skillful engineers who thoroughly understand the products, and able to give the suggestion to the customers very well. The Company products are standardized products with the controls under every designing and production procedure as per the requirement of standard quality system ISO 9001, and have been certified for standard quality system ISO 9001: 2008 from Bureau TUV Nord, Germany. The Company products and services have also been certified international standard such as: The safety standard for products imported and produced for selling in European Union (CE mark), the safety standard for the products as per the requirement of IATA. Furthermore, the Company never stops in doing the research and the development of products or engineering systems. The company's research and development team works have designed the new model of product innovation and developed various technologies continuously. All of the products or the innovations have been registered with the intellectual properties department. At the present, the Company has received many items of 92 sub-patents and under the request for the registration of sub-patents or invention patent, or the designing of products sub-patent, from the intellectual properties department of more than 10 items.

### 1 Income structure of the Company

**Table of income structure (consolidated income statement) year 2015-2017**

Type of income	year 2015		year 2016		year 2017	
	Million baht	%	Million baht	%	Million baht	%
Income as per contract	972.73	85.13	926.16	87.52	1,390.94	87.71
Income from sales and services/1	169.90	14.87	132.08	12.48	194.96	12.29
<b>Total incomes</b>	<b>1,142.63</b>	<b>100.00%</b>	<b>1,058.24</b>	<b>100</b>	<b>1,585.90</b>	<b>100</b>
Other income/2	16.34	1.43	12.10	1.13	9.92	0.62
<b>Grand total incomes</b>	<b>1,158.97</b>		<b>1,070.34</b>		<b>1,595.82</b>	

**Remarks** : /1 - Income from sales comprising of selling of spare parts, selling of samples (prototype), selling of products in stocks.

/2 - Other income comprising of management income, rental income, interest income, and others.

## 2 Products and Services Characteristic

### 1. Standard Product Group

Standard product group means trucks, trailers, semi-trailers which were bought by the customers for using in the transportation as per special requirement. There are the trucks for using only in the loading of products with no requirement for much more technology of engineering system, or the products ordered by the customers with the standardized production. The types of this group of product and its qualification according to the usage can be summarized as follows:

#### 1.1 Standard Truck : STD

Group of general standard trucks, trailers,

semi-trailers with strength and durable, and can be loaded with heavy weights. The company has designed very well the structure of lower system in order for the capable of loading as heaviest enough as required by laws. Meanwhile, it is easy in controlling vehicles for trailers and semi-trailers manufactured by the company and sold to the clients suitably to the special purpose such as:

- 1) Truck chassis : Head of truck to be assembled to the body of truck or trailer.
- 2) Full Trailer : The trailer to be pulled by truck chassis by using the pulling arm. This kind of trailer can be designed and manufactured in many features such as plain-floored trailer, high stall trailer, trailer of container for dried cargo,

trailer of chiller for frozen cargo, dumping trailer.

3) Semi-Trailer : Semi-trailer with the pulling in kind of using its head with the installed pulling plate. This kind of trailer can be manufactured in various features such as semi-trailer container, plain-floored semi-trailer, dumping semi-trailer, and semi-trailer for container.

4) Beverage Truck : The truck for the transportation of beverage. This kind of truck has special characteristic that it can contain much more merchandises, and can be open from the side by hydraulic system, make it easy for the fleeting and can be prevented from the rain and outside dust. The technology has been transferred by Hackney of U.S.A. who is the world big manufacturer of aluminum container.

## 1. (STANDARD PRODUCT)

Dry Van Truck



Dry Van Truck



Fiber Refrigerator Truck



Trailer Dump



Fiber Dry Van Semi-Trailer



Dry Van Fiber Full Trailer





NGV System Installation



Fabrication Works



### 1.2 The installation of NGV system (NGV Products : NGV)

The Company provides the installation of NGV engine and NGV body to trailer and every type of truck. This kind of product is the new alternative in consuming energy worthwhile to the higher oil price at the present. For example, the installation of 100% NGV, and the installation of NGV with jointed fuel. The is the manufacturer of NGV engine for public bus of The Bangkok Mass Transit Authority (BMTA), and the installation of tank containing NGV for PTT Public Company Limited.

### 1.3 Fabrication Works, others : FAB

The Company has the modern laser cutting machine and machine for folding and welding of metal enabled to do the work of forming, welding, and assembling of metal box such as aluminum box for the installation on chassis of truck or trailer, semi-trailer. The company can design and assemble of metal box suitably with

chassis of every model of truck and every brand. The company can also design and develop the production of aluminum box with high strength, for the installation of communication equipment of the country's defensive for export.

### 1.4 Transferring of know how work (Know How)

The Company designs, invents, and develops various types of vehicle's body model. The company owns 76 items of the vehicle's body model which have derived the sub-patent from the intellectual properties department. The company is also under the process of register for many more than 28 items sub-patents, or invention patents, or patents for the designing of products from the intellectual properties department. Moreover, the company's working team is also the expert in assembling of the vehicle's body and the installation of engineering work of the truck, trailer, and semi-trailer.

The company, then, offers for the right of using the production model, and provide the service of transferring some production technology such as: the container chassis model, the technology in assembling of light-weighted fiber glass box, to the customers who are the foreign manufacturers and the assemblers of the body of truck, trailer, and semi-trailer such as: India, Vietnam. The company will receive the payment of know how fee or royalty fee in accordance with the numbers of product being produced by Using the company's model or technology.



## 2. Special Design Product

Catering Hi-loaders Truck



### 2. Special Design Product Group

Special designed product group means truck, trailer/semi-trailer which required special design as per customer's requirement. The product required complex technology and precisely engineering system. This kind of product and its qualification can be classified as follows:

#### 2.1 Ground Support Equipment : GSE

This kind of product is the special model vehicle used in the airport with special engineering designed and the complexity and the modernization of engineering system. This kind of product must have high quality and passed the tight international standard from the organization concerning aviation industry such as: ICAO, IATA, airport authority of each country. This kind of product can continuously generate income to the company in high pro-

portion. The company's main product, especially for the catering hi-loaders truck, has been trusted from the customer in group of airline catering from both domestic and international countries. The followings are the product under this group of product:

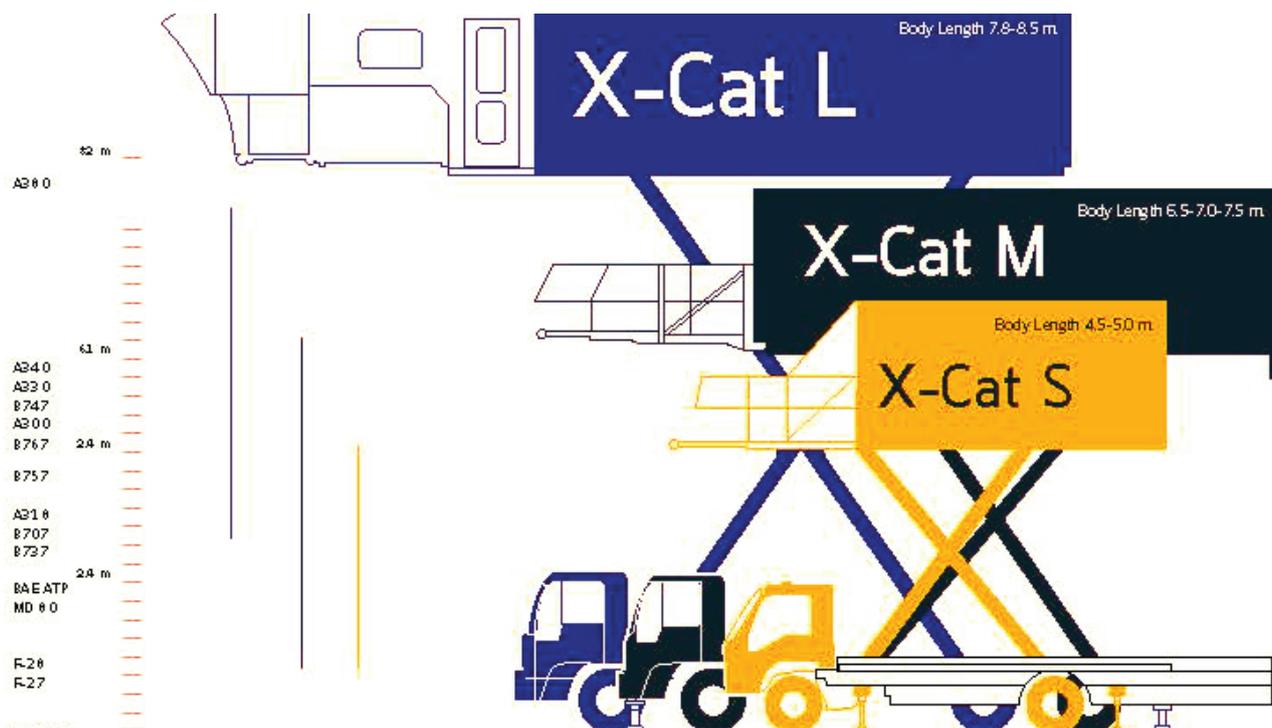
1) Catering Hi-loaders Truck : This is the truck for loading of foods from airline catering (in-flight services) to the airplane for serving to the passengers. At the present, the company can develop the model structure of new product for old and new airplane. The company can also develop the technology of assembling the body and installing the engineering system by Thai engineers. The company's latest proud is the catering hi-loaders for airbus A380, which is the biggest airplane in the world and required the most precisely engineering system. The company first hi-loaders for air-

bus A380 has been delivered to Emirates Flight Catering in 2006.

The strength of the company's catering hi-loaders truck is that it is designed for every size of airplane ranging from small-medium-large. It is designed with the modernization and suitably to the usage such as: half cap hi-loaders, low cap hi-loaders, and normal cap hi-loaders, with the strength and durable, and can be designed suitably to the weather condition in each country such as: country in the middle-east. The catering hi-loaders truck must maintain the temperature and the hygiene of foods loaded. The company's catering hi-loaders truck has been trusted from the customer about the precision easy in cleaning. It can be adjusted as up and down as per the usage of each airplane's model which can be classified into three sizes as follows:

Model	Length	Height	Loading weight	Airplane's model
	(unit : meters)	(unit : meters)	(unit : kgs.)	
a) X-Cat L	7.8	8	4,500	Airbus A380 <sup>1</sup>
b) X-Cat M	6.5 - 7	6	4,500	1) Model with height of 6 meters such as A340, B777, B747, MD11, DC10, A310 2) Model with height of 5 meters such as B767, B757
c) X-Cat S	4.5	1.2 - 4	2,500	1) Model with height of 4 meters such as A321, A320
				2) Model with height of 3 meters such as B727, B737, MD80
				3) Model with height of 2 meters such as F100, AVRO RJ 70-RL100, SAAB SF 340, F27
				4) Model with height of 1.2 meters such as HEIGHT IN METERS

Remark: /1- On 5th October 2011, the company has been awarded for the best innovation from The Organization of National Innovation (public company), Ministry of Science and Technology for the production of catering hi-loaders truck, model X-CAT L for airbus A380.



Rescue Stairs Vehicle



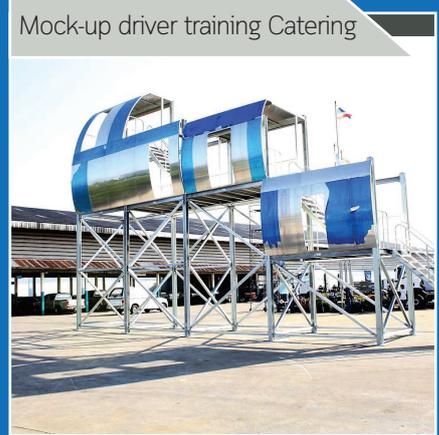
Truck for patients



Rescue Stairs Vehicle



Mock-up driver training Catering



Passenger Stairway



Maintenance Platform Truck



2) Passenger Stairway : It is the stairway for passenger in getting on-off airplane. This is the Company's product with high quality and passed tight international standard from the organization concerning the aviation industry.

3) Rescue Stairs Vehicle : It is the rescue stairs vehicle using for getting on-off the airplane in case of emergency. The company has designed and manufactured rescue stairs vehicle for airbus A380 which is the world's biggest airplane at the airport.

4) Other group support equipment : The products that company designs

and manufactures for many airline such as: repair and maintenance truck, baggage loading truck, truck for patients, truck for waste cleaning, and water tank.

On 30th May 2012, the company has signed an agreement for business alliance with Hanaoka Sharyo Co., Ltd. from Japan, the company famous in producing and assembling of service truck for worldwide airline such as: the baggage cart, the baggage rickshaw, the truck for baggage fleetting in airplane, for the manufacture and the marketing of ground support equipment



Fire Fighting Truck



Rescue truck



53 M Ladder Truck



**2.2 Fire Fighting Truck : FFT**

This is the special model truck for fire fighting in both low rise and high rise. The company has been transferred the technology from the big European manufacturer. The company fire fighting truck has unique qualifications as follows:

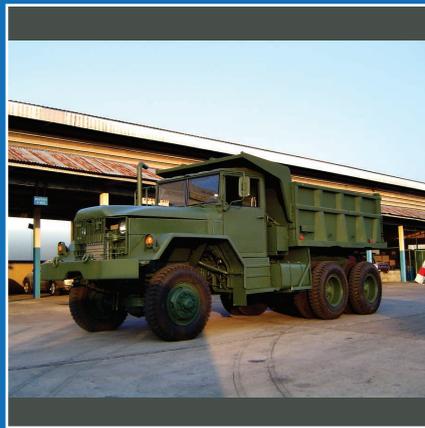
1) High-rise fire fighting truck: The Company has designed and developed the technology for the truck with 53 meters height. The first production and delivery was on year 2010 to the municipal of Pakkred, Nonthaburi.

2) Water pump and propeller: To be produced from alloy material with the resistance to every condition of water. It can be used for fresh water, salt water, and brackish water.

3) Power in absorbing water: The ability to adjust the pressure of absorbing as required.

From the above qualifications enabled to the company's products to be required by Foreign customer such as: Bangladesh, Sri Lanka, and local customers from government and state enterprises such as EGAT and PTTEP.

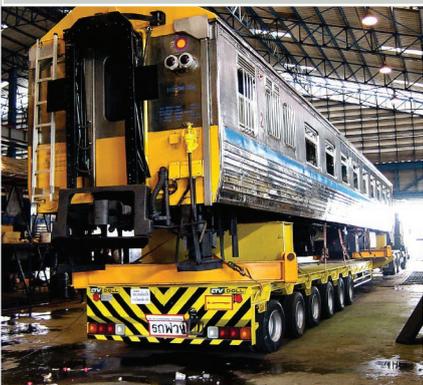
Rescue truck: The truck for keeping rescue equipment, with the aluminum sliding door and water resistant. There is the vertical and horizon sliding drawer inside. The down side of sliding door, next to the passenger room, can be open and turned to be stair. There is the installation of rescue equipment and live safe inside of the equipment box.



### Military Products



### Rolling Stock Business



#### 2.3 Military Products : MILITARY

This is the special model vehicle for using in the army, the air force, and the navy. The company can manufacture vehicle for the military properly to the specification as required. The company has been hired from the military in manufacturing and improving models of vehicle such as: light-weighted truck model 50 and model 51 (M1), 4 x 4 drive (canvas roof, metal roof, and fiber roof), improved the truck condition model MB17 and M31A2, fleeting truck.

#### 2.4 Rolling Stock Business : RSB

The group of the train being designed and improved by the company properly to the specification required. In 2005, the company has improved the train cabin from third-class-fanned cabin to second-class-air conditioned cabin in total of 20 cabins, and had already been delivered to The State Railway of Thailand.



## Special Full Trailer/Semi-Trailer



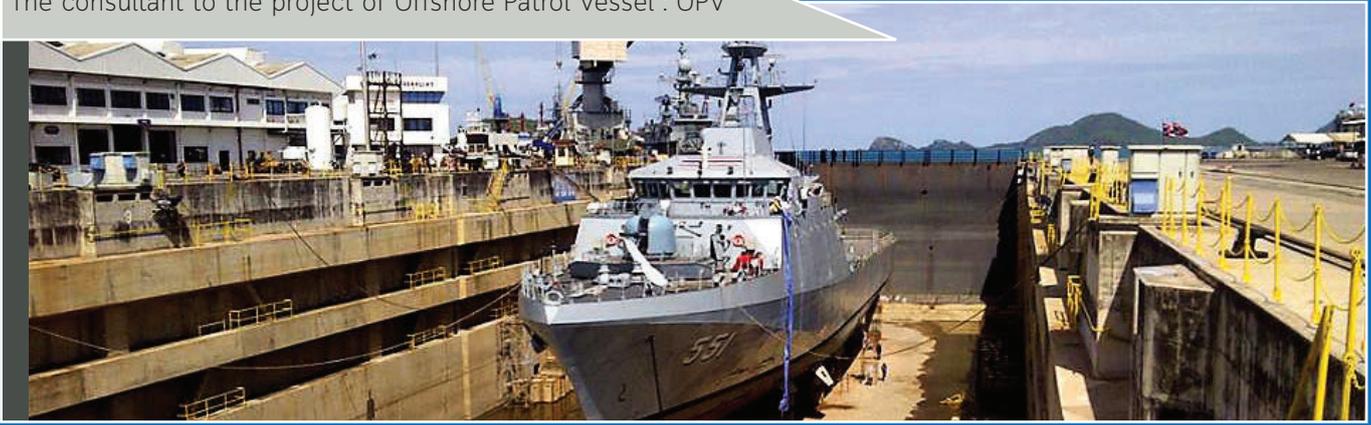
### 2.5 Special Full Trailer/Semi-Trailer : SPC

The company can manufacture the special designed semi-trailer with size ranging from 5 axles, 6 axles, and the trailer with size of 14 axles and 16 axles, for the transportation of heavy machine and train bogie, or multi-purposed truck. The company has manufactured the special trailer with size 16 axles for BECL in loading finished concrete used in assembling of express way. This kind of trailer is the longest one in Asian region,

with the length of more than 24 meters (excluded pulling arm), it can be loaded for the weights of 100-160 tones/unit. The operating system of 16 axles related to the radius of the turning of the trailer's head, and the big trailer can easily turn. In case of the radius of the turning is narrower or wider, it can be controlled remotely. With the hydraulic system, every wheel is separately independent. Furthermore, it can be adjusted for high and low of the floor between +/-300 millimeters.

### 3. Project Management and Services

The consultant to the project of Offshore Patrol Vessel : OPV



#### 3. Project Management and Services

Project management and services mean the group of special services that the company has done in integrating international engineering technology with professional management by the experiences and skillful of the managements and team work. The company, with the long experiences and skillful both engineering works and managements, is able to provide the service of large project management to the customers. At the present, the company provides the following services as:

##### 3.1 The consultant to the project of Offshore Patrol Vessel : OPV

In 2009, the company and the related company (Khonkaen Cho Tawee (1993) Co., Ltd.) and Wallap Truck and Bus Co., Ltd. have joined in providing service of project management for building the heavy offshore patrol vessel: OPV from The Bangkok Dock Co., Ltd. The vessel's model adopted from BAE systems (United Kingdom). The company responsible as the consultant of work in improving vessel's model, work in improving vessel's electric power system from 440 volts to be reduced to 380 volts.

The related company responsible for being an advisor to the procurement, financial service, warehouse, logistics, information technology, and repairing service. (see further detail of project OPV from [www.theopv.com](http://www.theopv.com)). This project took 4 years in implementing and had already been delivered in 2013. This is the first OPV built by Thai people. Nowadays, the Royal Thai Navy has been given the name of the OPV "HTMS Krabi". In 2017, the company have been a part of project management, and in production of block of the second OPV. It is expected that there will be a project management of third OPV in 2020.

The Bangkok Dock Co., Ltd. has derived the right on the vessel's model in building OPV for commercial from BAE systems for 4 years. So, the company has the opportunity for additional work if the navy or The Bangkok Dock Co., Ltd. has the project of building new OPV. It also includes the foreign customer of The Bangkok Co., Ltd. ordering for the OPV as per the above mentioned model. The related company has signed the agreement with the

company by not competing in doing such business. The company will be the only project manager in case that there will be such kind of business in the future.



### 3.2 Project of Repair and Maintenance and Repairing Center for Linfox (Tesco-Lotus Project)

The Company has been trusted by Linfox Transport (Thailand) Co., Ltd. (“LINFOX”) and Ekkachai Distribution System Co., Ltd. (“TESCO-LOTUS”) as the product manager for the repair and maintenance work and repairing center for the truck, trailer/semi-trailer of all Tesco-Lotus projects. The company responsible for the maintaining of the capability of more than 2,000 trucks in the area of TESCO-LOTUS’s Distribution Center (DC). At the present, DC located in 5 centers which are Lamlukka center, Wangnoi center, Samkok center, and Bangbuathong center and Khon Kaen Center. The company, aiming at the opportunity of increasing income from repairing service, has rented 4 rai of land at Wangnoi, Ayuddhya since 2013 being the repairing heavily center for the truck (in case of long period of repairing), and other repairing services for the company’s customers and others. This repairing center enabled to the company’s potential in taking much more cares to the company’s customers at Wangnoi center which is the location near Bangkok. It also increased the opportunity of providing more services to LINFOX and TESCO-LOTUS. At the present, there are many customers would like to do the Preventive Maintenance (PM) agreement with the company and are under the negotiation. The Company has the agreement contract to increase the repairing center for Tesco-Lotus within the Distribution Center in order to have the repairing center sufficiently for the trucks.



### 3.3 Project Management for local transportation within Khon Kaen University or KKU Smart Transit

KKU smart transit is a local transportation within Khon Kaen university area. The project uses smart transit system through electronic devices, IT systems, and application. Recently, it is a role model for Smart Transit projects to many other organizations in terms of the Smart Transportation operation system.



### 3.4 Electronic ticket Systems (E-ticket) and E-ticket Equipments project

On June 15th, 2017, the company has signed a rental contract with Bangkok Mass Transit Authority (BMTA) for installing and renting e-ticket system and the equipments on BMTA's buses. The contract included 2,600 buses for a 5-year period.



### 3.5 NGV buses purchase project for BMTA which included repairing and maintenance services for a 10-year period

SCN-CHO collaboration group, which has established by Scan Inter Public Company Limited and Cho Thavee Public Company Limited, has signed the contract and was purchase repairing and maintenance 489 NGV buses for Bangkok Mass Transit Authority (BMTA). The agreement was signed on December 27th, 2017. The project cost (included Vat) is 4,261 million baht which separated to be the buses cost (included Vat) is 1,891 million baht and PM. services 2,370 million Baht (includinged VAT).

## 3 Marketing and Competition Situation

### 3.1 Marketing

#### 1) Product Strategy

The Company has its policy aiming at the development of the products to meet the international standard quality responded to the customers' requirements, especially for the commercial customers. In addition, the company look forward to the research and development of products continuously. The company products have been certified for the international standard quality.

The Company provides full range of services ranging from the stage of designing to after sales services. The Company lends the significant from the stage of designing as per customers' requirements which must be interviewed in detail by sales department. The Company also has done a research in order to save cost and meet the customers' needs for example designing and renovating the old container to look like 80% brand new by using only 60% of cost. The Company designs delicately the vehicle's body to meet the customers' requirements. The procurement of every unit of equipment and parts must have quality which being passed the standard inspection and controlling ISO 9001:2008. The production are computerized operated in sending, collecting of information in each step starting from the draft of each job until the completion, and tested for the usage.

The Company also emphasize on the after sale service to be corresponded with the Company service principle that “The wheeling is the important factor of your transportation, and we recognize to such importance. So, we emphasize on the after sale service specially, for every wheel of your truck always turn under every situation”.

For the product that the Company has no expert in production or the incompetent of the required specification, the company will search for the business alliance with the expert and potential in production. This will be done under the business cooperation agreement or the establishing of new juristic person in form of joint venture. The joint venture, then, can define the invest portion, the objective of establishing, the authority and responsibility of each party, and the period of the operation.

## 2) Pricing Strategy

The Company has the policy in operating by concerning to the readiness of human resources and others before entering in getting the job. The Company has the pricing policy by considering of cost plus margin. The total costs of products and services comprising of material and equipment costs, component costs, the direct labor costs which computed from the estimated time of production, manufacturing costs, financial costs, and allocation costs, costs of reserved for material and equipment price, warehouse costs and guarantee and warranty cost. The engineering department and the production department work together in duplicating the product structure in detail, for being factor in calculating material and equipment quantity, and production time. In case of the purchase of material and equipment, or component from abroad, there will be the costs of reserved for currency exchange added in the costs computation. However, the price offered to the customers must be considered as competitive price and corresponded to the market situation.

In case of there is the order of purchasing or manufacturing between the company and Cho Thavee Thermotech Co., Ltd. (The subsidiary company), the pricing policy will be determined as related transaction price by considering the total costs of product or service plus 5%. In case that the customers would like to buy light-weighted fiber glass chiller truck from the subsidiary company, but there must be the assembling and the installation of light-weighted fiber glass chiller connected to the chassis of truck or trailer/semi-trailer, the subsidiary company will issue the job order to the company in operating such job.

## 3) Channel of Distribution Strategy (Place)

The Company emphasize on the direct sale applying pro-active and efficient marketing strategy through two channels which are the attendance of bidding and direct contact with the contractor. At the present, the company’s sales department comprised of 3 domestic teams and 1 foreign team. Details are as follows:

### 1) Domestic Sales Team

1.1 Sales team for private customers : This is the sales team who sell the products directly to private customers in the country. There are 2 following types as:

- Selling to the entrepreneur doing the business of logistics or the business of manufacturing and selling of products. The entrepreneur can request the company for the procurement of truck’s

head. The entrepreneur can also buy truck's head directly from the dealers such as MAN, VOLVO, HINO, ISUZU, MITSUBISHI, and let the company do the job of manufacturing, assembling, and installing of the truck's body or various trailers connected to the chassis of truck's head.

- Selling through the dealers of pick-up truck. Sales team will contact directly with the dealer of pick-up truck for the manufacturing and installing of the body or the trailer. When the dealer's customers place order for the manufacturing and installing of the body or the trailer, the dealer will send the job to the Company.

1.2 Sales team to the government organization : The products sold are those for special purpose such as: the garbage truck, water tank truck, the truck for loading electric pole, and the truck for loading heavy machine.

1.3 Special sales team : Emphasize on the sale of special products such as the vehicle for the army, and state enterprises.

2. Foreign sales team : Emphasize on the sale of special designed products in the type of ground support equipment (GSE) used in the airport such as catering hi-loaders truck which are sold to the Asian countries, the southeast Asia, and the Oceania, as per the agreement with DOLL Fahrzeugbau GmbH, Germany. The Company will sell through the dealer, or sell directly to the foreign customers in some case. There is the agreement between the Company and the dealer that the dealer will be the coordinator in taking care of the repairing of the company's products sold abroad within the warranty period. The company does not responsible for the after sales service expenses. In case that the company does the marketing or enter into the bidding directly with the foreign customers, there will be higher after sales service costs than being sold through the dealer, and the company will add such costs to the computation of selling price. In 2017, the Company's most portion of sale in foreign countries is the special designed products as follows:

- Approximate of 7% of sale in foreign countries derived from the customers in the middle-east such as Oman, United Arab Emirates.
- Approximate of 22% of sale in foreign countries derived from the customers in Asia such as, Korea, Hong Kong, Japan.
- Approximate of 15% are other products sold to every country worldwide such as trailer/semi-trailer, special designed vehicle.

#### 4) Promotional Strategy

1. The Company emphasize on the after sales service as The Company's public relation, closely and building good relationship with the customers. Especially to the foreign customers, since it is the way to build the confidence and trust to the customers. For example, to give the advice and the repair & maintenance of engine by information technology through computerized system (remote service), and the advice to the usage and other after sales service, and to evaluate the performance in each 3 months.
2. The Company lends the significant to publicize the company's products directly to target customers. The company's public relation was made through many medias such as magazines,

trade fair exhibition, various electronic medias, including the sending of information direct to the customers.

3. The Company has its group of products to be categorized and the classification of responsible team work comprised of: the group of domestic customers, foreign customers, customers from government organization, and the customers of special project group. This enable to the company in taking care and providing, including the corresponding to the customers' demands as well.

### 3.2 Target Customers

The Company manufactures and sells its products to the customers both in the country and outside the country. Most of the customers are the entrepreneur doing the business of product transportation, the business of manufacturing and selling of products with many locations of distributing throughout the country, and governmental organization such as The Bangkok Metropolitan, the organization of rural administration. The Company manufactures the products as per the customers' order (made to order). The target customers of the company can be categorized in group as follows:

1. The group of domestic customers : The main group of domestic customer is the entrepreneur in the business of transportation and logistics, and retail sale. Most of the products sold are the standard products such as: trailer/semi-trailer, dumping trailer, dumping pick-up truck, rickshaw with low outskirts semi-trailer, fiber glass trailer, trailer with presentation X-lift, the truck for the transportation of gas with long tube, chiller (the subsidiary company's product).
2. The group of foreign customers : The main group of foreign customer is the entrepreneur in the business of transportation and logistics, airline catering, in-flight service, and aviation business. Most of the products sold are specialization designed products in type of ground support equipment (GSE) for using within the airport such as catering hi-loaders truck.

The company does not depend on each customer significantly. List of the well-known customers both domestic and foreign can be summarized as follows:

No.	Domestic customers	Products sold	
1	Linfox Transport (Thailand) Co., Ltd.	Refrigerated body truck	
2	Ekkachai Distribution System Co., Ltd.	2 Axles canvas cover semi-trailer	
3	Ordnance Department, Royal Thai Army	Bus	
4	Hino Motors Sales (Thailand) Ltd.	2 Axles Low bed Semi-Trailer	
5	Monthol-pattana (1994) Co., Ltd.	Low bed Semi-Trailer	
No.	Foreign customers	Country	Products sold
1	GLOB AL KOMITED SDN BHD	Malaysia	Military Utility Vehicle Type M 1
2	Regal Motors Ltd.	Hong Kong	Catering hi-loaders truck
3	OMAN AIR	Oman	Catering hi-loaders truck
4	DARWISH BIN AHMED & SONS	United Arb Emirate	Catering hi-loaders truck
5	MORITA CORPORATION	Japan	Truck

### 3.3 Industrial and Competition Situation

#### Industrial Situation

The Company's main products which were best seller in the past 3 years comprised of the group of special designed products in type of ground support equipment (GSE) used in the airport such as catering hi-loaders truck, the group of standard products in type of truck, trailer/semi-trailer which being sold to most of the entrepreneurs doing the business of transportation and logistics. So, the industrial situation analysis will be divided into 2 industries which are the aviation business and logistics business, with details as follows:

According to the annual transport statistics as at December 31, 2017 resulting the number of registered trucks (cumulative) nationwide is 1,089,621 units in total, increasing 3.21%, YoY, mostly because of the growing number of general contract trucks (trucks that are used to transport animals or goods for hiring, without routing). The number of trucking operator licenses (cumulative) nationwide on December 31, 2017 is 381,694 issues increasing 0.19%, YoY.

An annual transport statistics table showing the number of registered trucks (cumulative) nationwide as at December 31, 2016 and 2017

Type of Trucks	Units		Percentage change
	<u>December 31,</u> <u>2016</u>	<u>December 31,</u> <u>2017</u>	<u>2016/2017</u>
<b>Total</b>	<b>1,055,717</b>	<b>1,089,621</b>	<b>3.21</b>
<i>Divided by - Without routes</i>	<i>274,151</i>	<i>293,167</i>	<i>6.94</i>
<i>- Personal</i>	<i>781,566</i>	<i>769,454</i>	<i>(1.55)</i>

(Source : Transport Statistics Sub-Division, Department of Land Transport)

An annual transport statistics table showing the number of trucking operator licenses and transport operators nationwide as at December 31, 2016 and 2017

Type of Trucks	<u>Number of trucking operator licenses</u>		<u>Number of transportation entrepreneur</u>	
	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>
<b>Total</b>	<b>380,985</b>	<b>381,694</b>	<b>380,985</b>	<b>381,694</b>
<i>Divided by - Without routes</i>	<i>20,499</i>	<i>24,922</i>	<i>20,499</i>	<i>24,922</i>
<i>- Personal</i>	<i>360,486</i>	<i>356,772</i>	<i>360,486</i>	<i>356,772</i>

(Source : Transport Statistics Sub-Division, Department of Land Transport)

Thus, the increment of the number of registered trucks and transport operators (No routing) including the development of transportation between the regions which make Thailand to be the transportation hub will result an increasing in trucks demand, especially the cargo trucks (No routing) and will make the trucks manufacturing businesses, which their trend is increasing production capacity.

## Competition

There are not much more competitors of the Company's standard products since most of them are special designed which have been registered of the patent, and are under the process of the registration for innovation patent or product designing patent. The Company also applies the modern technology, and the installation of engineering system for creating the differentiation of the products. There are some local customers who manufacture and assemble the truck's body, trailer/semi-trailer alike to the company's products. Most of the foreign competitors are those in the competing of special designed products group such as catering hi-loaders truck, ground support equipment, fire fighting truck. The domestic and foreign competitors are summarized as per type of product as follows:

The competitors	Country	Type of product
<b>Domestic</b>		
1. Panus Assembly Co., Ltd.	Thailand	Truck, trailer/semi-trailer
2. Sammitr Motors Manufacturing Public Company Limited.	Thailand	Truck, trailer/semi-trailer
3. RCK Rung Charoen Co., Ltd.	Thailand	Truck, trailer/semi-trailer
4. Chase Enterprises (Siam) Co., Ltd.	Thailand	Fire fighting truck
<b>Foreign</b>		
1. Aero Mobiles Pte Ltd.	Singapore	Catering hi-loaders truck/Ground Service equipment
2. Mallaghan Engineering Ltd.	Ireland	Catering hi-loaders truck/Ground Service equipment
3. United Motor Work Ltd.	Malaysia	Catering hi-loaders Truck

## **4 Products and Services Procurement**

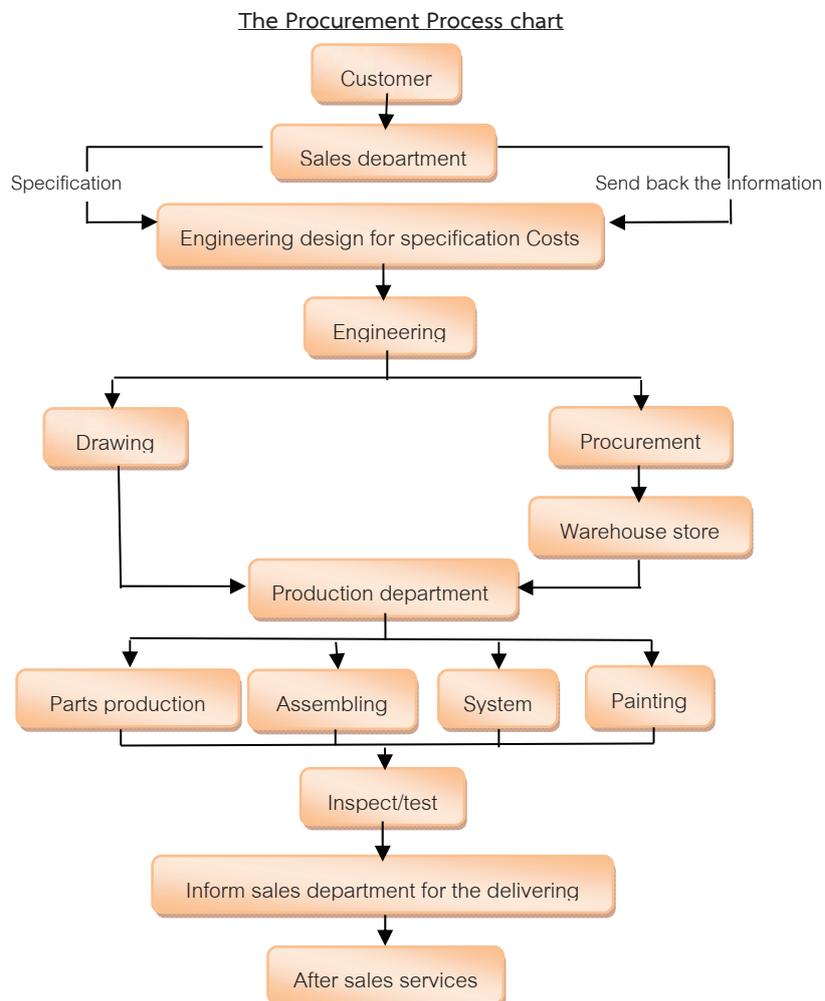
### Production

The Company manufactures the products as per customers' requirement (made to order). The Company applies modern engineering technique and the skillful of employees in designing, manufacturing, assembling, and installing engineering system for various types of truck. It takes about 120 days in average from agreement date until the delivery of product for the group of special designed products, depends on the timing of sending materials and equipment from the company's vendors, especially for the order sent from abroad. It is also depend on the complexity of the production.

The Company's factory locates on the land of 50 Rai at Khonkaen. The Company has the completely modern machines. In the process of production, there are the planning and the managing of effective production. The company applies the computer system in each process starting from drafting of job until the completion. The process of procurement and production being shown as follows:

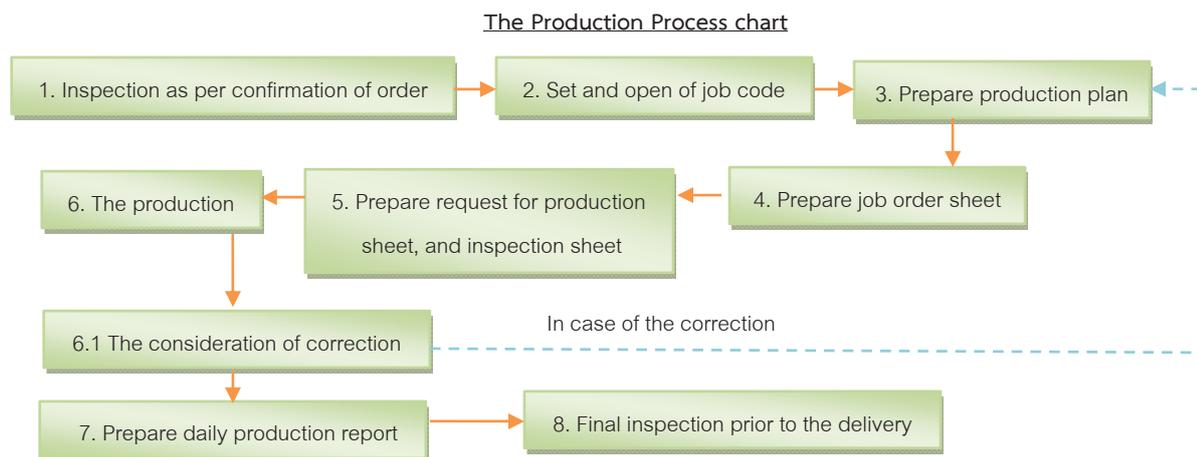
Product Procurement Process:

- 1) When the customer place an order for the product, the sales department will forward the structural specification chosen by customer, or sale order check sheet, and product’s detail to the designing engineer department for the duplicating, calculating of material quantity, and calculating of costs.
- 2) After finishing the first step, the designing engineer department will send the specification back to the sales department for determining price and informing customer.
- 3) Once the customer agrees on the specification, price, and conditions, the designing engineer department will inform and send the structural design of product to the production department.
- 4) The production department informs detail of materials required for production to the procurement department for purchasing of raw material and/or outsource of component job or service.
- 5) The production department draws the raw materials from warehouse for the production of parts/assembling of the body/installing of system work/sand painting/color waxing.
- 6) Once the production was finished, it must be inspected and tested before informing the sales department for making the appointment with the customer about the inspection and the delivering of the product.
- 7) The sales department delivers the product to the customer, and coordinates for after sales services.



## The Production Process

- 1) Production manager and controlling engineer inspect the job description and other specifications needed for the production.
- 2) The administration officer set job code on the receipt of order and open job code in accounting system.
- 3) The controlling engineer does the production plan by referring to information from sale order check sheet.
- 4) The controlling engineer and the administration officer prepare the request for production sheet from engineer department, and job order sheet of the related section.
- 5) The controlling engineer manufactures in accordance with the planned process. In case of any correction, there must be the adjusting of plan once in twice weeks.
- 6) To prepare daily production report and/or non-conforming report, if any, and record the inspection on inspection sheet.
- 7) The final inspection prior to the delivery.



The Company will consider many factors before getting the job, in order to prevent the risks that may affect to the company's operation. The Company will evaluate the potential of customer from fundamental information such as financial position, the executive's faithful, and business operation history. There will be fewer risks from payment for the job from government sector, since the budget has been approved from the government. But there are fewer profits compared to job from private sector. There may be more risks from delayed payment of default of payment from the private sector's job, but the profits are as the company's policy. The company also considers to the readiness of the company such as the quantity of work under the operation and non-delivered job, number of human resources, tools and equipment, and working capitals, in order to ensure the customer that the operation will be finished complied with the contract's conditions.

## Procurement Process

At the present, the company has total 9 employees working on procurement including 8 domestic procurement employees and 1 international procurement employee. When the company purchases raw material, it will consider the information about material quantity used in production from the costs designed engineering department. The information will be checked with the information in the warehouse whether to the availability of required material or the quantity of material enough for the production or not. The procurement department, then, will check the price from the vendors listed in the company's vendors list, for the conclusion of the procurement and delivery date.

The Company's vendors can be classified as domestic vendors and foreign vendors as follows:

- Domestic vendors: The Company will purchase materials and equipment from domestic vendors for the products that can be purchased within the country such as truck's head, chassis, metal, aluminum, wire, painting, supplies. The company will check raw material price with 3-5 vendors who have passed primary basis consideration, in each time of purchasing each type of material, such as branding of product (in case that required by customers), the quality of material, the quantity of the products. The price will be quoted and compared to the terms and conditions such as branding, quality, pricing, discounts, and delivery time, prior to the decision making and agree on the procurement.

The company will do the evaluation of the vendors in each 6 months by evaluating from the monthly-recorded delivery. The company sets its procurement policy in selecting new vendor into the vendor list in each month with 2 vendors for every group of material.

- Foreign vendors: The company purchases the special material from the foreign vendors. The company sets its policy in purchasing directly from the manufacturer or the distributor of each type of material.

Table showing value and portion of domestic procurement and foreign procurement in 2015-2017

Amount of purchase	2015		2016		2017	
	Million baht	%	Million baht	%	Million baht	%
Domestic	574.07	79.49	510.00	71.11%	708.76	79.04
Foreign	148.08	20.51	207.22	28.89%	187.99	20.96
<b>Total</b>	<b>722.15</b>	<b>100.00</b>	<b>717.22</b>	<b>100</b>	<b>896.75</b>	<b>100</b>

## Outsourcing of Job

The Company outsources the kind of job like metal lathing, metal cutting, and metal folding, for the component in size and design as required, or the job of sand/color painting. Most of these jobs required not much skillful. The objective is that the employees in the production department are able to operate the skillful and experienced production with effectiveness, and can also have the production process being done simultaneously for the reducing of the production time.

In case of necessary for the job outsourcing, the procurement department will contact 2-3 contractors who have passed primary basis consideration, in offering the services and quoting of price. The offering document will be compared on terms and conditions such as price, discounts, the readiness of team

work. The procurement department, then, will consider for the selection and agree on the outsourcing. The company will do the evaluation of the contractors continuously as same as doing with the vendors who sold material to the company.

#### Environmental Effect

Since 2010, the Company has not received any complaint concerning the environment from surrounding areas. The company concerns much to the effect from the production process. The company has determined the direction in managing the environment within the factory, such as the method in removing dust from the paint, in order to avoid the troubles to the neighbor and the environmental effect to the employees and the community around the factory. The company has also open for suggestions and advices offered from the channel of face book

## **5 Product and Service Characteristic of the Subsidiary Company**

Cho Thavee Thermotech Co., Ltd. (“CTV-TMT”) does the business of designing, manufacturing, and installing of truck for loading light-weighted fiber glass chiller for both of dry container (without refrigerator) and cold container. This kind of truck is used for the transportation of fresh and dry cargo such as plant, vegetable, fruit, meat, sea animal, bakery, milk, ice. This kind of truck can be applied for the transportation of other goods such as flower, herbs, drugs, blood, and some kind of chemical substance. This kind of truck based on the principle that it must maintain the quality of product by controlling the temperature from beginning to the destination at the same condition. With the technology of sandwich GRP supported with fiber glass structure making the heat-resistant insulator working with full effectiveness, prevent of water leak, shape maintaining, to increase life of usage. The truck installed CTV-TMT chiller has the weight of 35%-40% less than that of the competitor’s truck which used other material. CTV-TMT truck is stronger than that of the competitors, with special

technology in supporting the strength inside, the components are also the standardization ones. The additional equipment can also be installed inside the chiller such as: double deck for separating pallets into 2 levels, jumbo box trailers to be installed on 2 axles and 3 axles chassis.

The Company has already bought the technology of sandwich GRP from the French owner of such technology. At the present, CTV-TMT is the only manufacturer in Southeast Asia who can manufacturers GRP with the continuous length at the maximum of 15 meters. The truck installed GRP has many types such as: pick-up truck, six-wheeled truck, eightwheeled truck, ten-wheeled truck, semi-trailer, trailer, and large fiber glass chiller truck.

#### Sample pictures of the subsidiary company’s products



## 6 Marketing and Competition Strategy of the Subsidiary Company

### 6.1 Marketing

#### 1) Product strategy (Product)

The subsidiary company emphasizes on the manufacture of quality and standard products responded to the customers' demands. The subsidiary company's products have the different qualifications with other manufacturers such as: the modernization, light-weighted, durable, and easy in repairing.

At the present, the subsidiary company is the only manufacturer in Southeast Asia who can manufacture sandwich GRP with the continuous length at the maximum of 15 meters.

#### 2) Pricing strategy (Price)

The subsidiary company quotes sale price by considering from price list as per model and specification in catalogue. Price in price list will be adjusted as the latest price referred to actual costs of production in each period. In case that the customers require for the installation of other special supplement of equipment, the price will be increased for such supplement equipment. The subsidiary company set the price as competitive price and corresponded to market situation.

#### 3) Channel of distribution strategy (Place)

The subsidiary company emphasizes on the three main channels of distribution as follows:

- 1) The direct sale: By implementing pro-active marketing strategy from sales team in reaching the customers directly.
- 2) Word of mouth from the subsidiary company's customers.
- 3) Word of mouth from the rickshaw distributors.

#### 4) Promotional Strategy (Promotional)

The subsidiary company lends the significant of its public relation activities as follows:

- 1) To provide the friendly services for good relationship with the customers, especially for the after sale services such as: to advice on the usage and repair & maintenance.
- 2) To promote the products through trade fair exhibition such as: THAIFEX world of food Asia 2012 at The Impact Muang Thong Thani.
- 3) The company has customer visit activities according to customer's activities and annual customer visit plan. The company also joint with customer's activities such as making merit and New Year party.

## 6.2 The target customers

The subsidiary company's target customers are mostly the customers likely to the company's customers. Since the customers who purchase the products are mostly the entrepreneurs in the business of logistics requiring for the maintaining of quality. The subsidiary company's products are made as to the order from customers.

## 6.3 Industrial and competition situation

### Industrial situation

The subsidiary company's main products are the light-weighted fiber glass chiller for the truck, trailer/semi-trailer, which are the group of standard products of the company. Information about industrial situation can be considered from the information of the business group of container manufacturing for truck, and trailer/semi-trailer. In addition, most of the customers are the entrepreneurs of transportation and logistics group. So, the analysis of industrial situation of the subsidiary company will be divided into 2 industries which are the business of container manufacturing, and logistics business.

### The business Manufacturing Container for Truck and Trailer/Semi-Trailer.

Table showing total marketing value of container for year 2016-2017

	Registration number of container truck			Registration number of container			Compare of	
	Total	Dry	Cold	Total	Dry	Cold	Total	%
	type 5,319 trucks in 2016			truck type 5,881 trucks in 2017			change	
<b>Number of container</b>	5,319	3,723	1,596	5,881	3,823	2,058	562	10.57%
<b>Portion as per Container type (%)</b>	100%	70%	30%	100%	65%	35%		
<b>Total marketing value (Million Baht)</b>	1,560.09	1,092.06	381.05	1,724.94	1,121.21	603.73		

Source: Information from The Land Transportation Department on [http://apps.dlt.go.th/statistics\\_web/newcar.html](http://apps.dlt.go.th/statistics_web/newcar.html)

There was the production of 5,881 containers in 2017 increased by 562 containers from 2016 or 10.57 %. Total marketing value in 2017 was about 1,724.94 million baht, comprising of 3,823 dry containers in the amount of 1,121.21 million baht, and 2,058 cold containers in the amount of 603.73 million baht. The company's executive evaluates that the production of chiller in 2017 increased due to supporting factors such as: the political situation was better, Logistics businesses saw opportunity in expansion from Thailand to the neighbouring countries.

### Competition

The subsidiary company's competitors comprising of:

The competitors	Country	Type of product
1. Lumberet Asia Co., Ltd.	Thailand	Manufacturing and installing of GRP
2. Rujolarn Co., Ltd.	Thailand	Manufacturing and installing of stainless steel Wall chiller
3. Carryboy Marketing Co., Ltd.	Thailand	Manufacturing and installing of GRP

## 7 Products and Services Procurement of the Subsidiary Company

### Production

The subsidiary company's production is made as to the order of its customers, by applying the modern technology in manufacturing sandwich GRP with the supplementation of metal structure combine with fiber glass.

The subsidiary company locates in Khonkaen, on the same site of the company. The subsidiary company has the modern machine and is under the expansion of production capacity for one additional production line. There are the planning and the effective production management in each of production process. The subsidiary company also lends to the significant of the inspection and quality control of its products as to the company.

The procedures of products procurement and production process of the subsidiary company are as same as that of the company.

### Product procurement

The subsidiary company let the company do the domestic procurement. The subsidiary company has its own 1 employee in taking charge of foreign procurement. The subsidiary company's main raw material used in the production was purchased directly from most of the manufacturer and the distributor in the country. Anyway, the subsidiary company does not depend significantly on any vendor solely.

### Outsourcing

This is incurred under the case that there are the assembling and the installing of fiber glass chiller, bought from the subsidiary company, to be welded with the customer's truck chassis or of trailer, or trailer/semi-trailer; or purchases the finished truck with fiber glass chiller. The subsidiary will send job order request to the company for the assembling and installing.

### Environmental Effect

The subsidiary company lends much significant to the effect caused by the production which may cause the smell pollution, dust, and chemical substance residue. The subsidiary company's procedures in prevent the environmental effect are as follows:

- (A) The smell pollution: The subsidiary company uses ventilator fan through water spray curtain.
- (B) The dust pollution: To be collected through water spray curtain and sent to the sub-contractor for destroying.
- (C) The chemical waste pollution : Collection companies and contractors to carry out the destruction.

## 8 Non-delivered Job (Back log)

The company and its subsidiary reported works under the production as at 31<sup>st</sup> December 2017 in total amount of 4,190.08 million baht, comprising of 4,163.30 million baht for the company, and 27.08 million baht for the subsidiary company. The details of customer with the value exceeding 10% are as follows:

NO	Contractor	Project	Date of Agreement	Delivery date as per contract	Contract amount	Balance as at 31 <sup>st</sup> December, 2017
<b>Non-delivered job – The company:</b>						
1	Khon Kaen University Bangkok Mass Transit Authority (BMTA)	Electronic-Ticket (E-Ticket) with equipment rental	6 Jun. 2017	3 Jun. 2017	1,556.07	1,556.07
2	SCN-CHO Cooperation	Trade and maintenance of NGV Air-conditioned vehicle for BMTA	27 Dec. 2017	18 May 2017	1,557.51	1,557.51
<b>Non-delivered job – The subsidiary company:</b>						
1	No customer with the value exceeding 10%					

# Securities and Shareholder Information



## Securities and Shareholder Information

### 1 Securities

As at December 31, 2017, the company had its registered capital of 295,735,443.25 baht (Two hundred ninety-five million seven hundred thirty-five thousand four hundred forty-three Baht and twenty five Satang) divided to common stock of 1,182,941,773 shares (one billion one hundred eighty-two million nine hundred forty-one thousand seven hundred seventy three), at the par value of 0.25 baht (Twenty-five satang)

### 2 Shareholders

List of company Shareholder of December 29, 2017 as follows:

Rank	Major Shareholder	Shares	% Shares
1.	Group of Mr. Suradech Taweesaengsakulthai	516,259,730	43.642
	1.1 Mr. Suradech Taweesaengsakulthai	447,619,730	37.840
	1.2 Mrs. Wadsana Taweesaengsakulthai	68,640,000	5.802
2.	Thai NVDR Company Limited.	48,922,535	4.136
3.	Ms. Asana Taweesaengsakulthai	39,344,360	3.326
4.	Mr. Thanong Suwajanakorn	33,000,000	2.790
5.	Mr. Puttipat Vejvarut	25,991,975	2.197
6.	Mr. Surapol Thaveesaengsakulthai	22,336,000	1.888
7.	Mr. Kitimeth Vejvarut	11,590,000	0.980
8.	Mr. Sirichai Kuanankul	7,000,000	0.592
9.	KALSTAR (S) PTE LTD	5,203,000	0.440
10.	Mr. Suchai Asawapunyakul	4,700,000	0.397
	<b>Total major Shareholder for top 11</b>	<b>714,347,600</b>	<b>60.387</b>
	Minor Shareholders	6,564	
	Thai Nationality Shareholders	6,568	
	Foreign Nationality Shareholders	7	

Remarks : /1 = Thai NVDR Co., Ltd. (Thai NVDR) is a subsidiary owned by the Stock Exchange of Thailand (SET) and regarded as listed securities in the SET who is responsible for issuing and selling Non-Voting Depository Receipts (NVDRs) to investors. The service is offered to all, irrespective of the number of securities held or the holder's nationality. NVDR holders receive the same full financial benefits as they would receive had they invested directly in shares (i.e. dividends, rights, and warrants) but there are no voting rights for NVDR holders. Further information regarding Thai NVDR Co., Ltd. can be found on [www.set.or.th](http://www.set.or.th).

### 3 Securities holding of Directors

The securities holding of Board of Directors and Executive Administrators in Cho Thavee Public Company Limited (CHO) between years 2016-2017 detailed as follows:

No.	Committees and Directors	Numbers of shares (CHO) held				Changing Remarks
		As at 30 Dec 2016		As at 30 Dec 2017		
			%		%	
<b>Committees</b>						
1.	Ms. Phenphimol Vejvarut	330,000	0.028	330,000	0.028	None
	Spouses and immature child	--	--	--	--	
2.	Mr. Suradech Taweesaengsakulthai	487,619,730	41.221	447,619,730	37.840	Sold 40 million shares
	Spouses and immature child	--	--	--	--	
3.	Ms. Asana Taweesaengsakulthai	39,344,360	3.326	39,344,360	3.326	None
	Spouses and immature child	--	--	--	--	
4.	Mr. Siriwat Taveesaengsakulthai	--	--	--	--	
	Spouses and immature child	--	--	--	--	
5.	Mr. Anusorn Tamajai	--	--	--	--	
	Spouses and immature child	--	--	--	--	
6.	Mr. Asa Prateepasen	--	--	--	--	
	Spouses and immature child	--	--	--	--	
7.	Mr. Chatchawan Triamvicharnkul	--	--	--	--	
	Spouses and immature child	--	--	--	--	
<b>Directors</b>						
1.	Ms. Somnuk Sangin	71,720	0.006	71,720	0.006	None
	Spouses and immature child	--	--	--	--	
2.	Mr. Nititorn Deeumpai	7,150	0.0006	7,150	0.0006	None
	Spouses and immature child	--	--	--	--	
3.	Mr. Prasobsuk Boonkwan	12,490	0.001	12,490	0.001	None
	Spouses and immature child	--	--	--	--	
4.	Mr. Sven Markus Gaber	--	--	--	--	
	Spouses and immature child	--	--	--	--	
5.	Mr. Nopparat Sangsawang	132,330	0.011	132,330	0.011	None
	Spouses and immature child	--	--	--	--	
6.	Mr. Apichai Chumsri	54,360	0.005	54,360	0.005	None
	Spouses and immature child	--	--	--	--	
7.	Mr. Nirut Sumongkol	182,820	0.015	182,820	0.015	None
	Spouses and immature child	38,610	0.003	38,610	0.003	None
8.	Mr. Padungdetch Euasookkul	6,710	0.0006	6,710	0.0006	None
	Spouses and immature child	330,000	0.028	330,000	0.028	None
9.	Mr. Bamrung Chinsombat	--	--	--	--	

No.	<u>Committees and Directors</u>	Numbers of shares (CHO) held				Changing Remarks
		As at 30 Dec		As at 30 Dec		
		2016	%	2017	%	
	Spouses and immature child	--	--	--	--	
10.	Mr. Sakarin Unnim	120,560	0.010	120,560	0.010	None
	Spouses and immature child	--	--	--	--	
11.	Mr. Chatchai Kantawirut	2,640	0.0002	2,640	0.0002	None
	Spouses and immature child	--	--	--	--	

## 4 Dividend Payment Policy

The Company has the policy to pay dividend each year at the rate of not less than 40% of the net profit deduction of all types of reserved fund as required in the Company's Articles of Association and as required by law. If unnecessary, the payment of such dividend shall not significantly affect the Company's normal business operation.

Nevertheless, the dividend payment policy may change, depending on investment plan, necessity, and other suitable factors in the future based on condition that the operation must yield highest benefit to shareholders, such as use the money as investment fund to expand Company's business, as reserve for loan repayment or there may be change of market condition which may adversely affect the Company's future cash flow. The Company's Board of Directors shall be empowered to consider the option. Moreover, the Board of Directors' resolution approving dividend payment shall be proposed for final approval with shareholders' meeting. Exemption is on interim dividend payment which the Company's Board of Directors shall be authorized to make decision and report the decision at the next shareholders' meeting.

In 2014, the Company has the policy to pay dividend each year at the rate of not less than 40% of the net profit before deduction of all expenses in accordance with the International Financial Reporting Standard No.2 (2014 edition) of Share based payment after deduction of all types of reserved fund as required in the Company's Articles of Association and as required by law. If unnecessary, the payment of such dividend shall not significantly affect the Company's normal business operation.

The dividend yield for 2015 was followed the company's dividend policy with cash dividend payment of 49 million Baht and stock dividend payment as follows:

1. Cash dividend payment (Baht per share): 0.0058
2. Ratio of stock dividend payment (existing share : stock dividend) as 10:1 and stock dividend payment rate (Baht per share) : 0.025
3. Total dividend payment (Baht per share) : 0.0308
4. Total dividend payment value (million Baht) : 28.28

In 2016, there was an agenda for no dividend payment because of the company performance 2016 reported deficit. The agenda was approved at the AGM 2016.

In 2017, there was an agenda for no dividend payment because of the company performance 2017 reported deficit. The agenda will be effective once there is an approval in the AGM 2018 on 23 April 2018.

Dividend Payment Historical Compared to net profit (Separate financial statements) 2015-2017

Detail	Year 2013	Year 2014	Year 2015	Year 2016	Year 2017
Net Profit (Loss) (Separate financial statements) (million baht)	35.06	75.72	35.50	(69.99)	(27.67)
Dividend Payment (million baht )	10.80	49.00	28.28 <sup>/1</sup>	0	0
Dividend rate <sup>/1</sup> (%)	24.76%	64.71%	79.68	N/A	N/A

*Remark : /1= Paid by cash of 5.32 million Baht, ordinary shares valued 22.96 million Baht*





## Social Responsibilities

The company has been working continuously on Social Responsibilities, considering every stakeholder. The Company has its policy and aspiration aiming at the leader in designing, creating, and manufacturing, innovative designs world-class technologies with professional management integration with unique knowledge, in order to reach the excellence building the confident and the satisfaction to the customers with the consciousness in social responsibilities and environmental concern. The company has its target in offering the quality products under the brand “CHO” to the international level with the proud and the happiness to the stakeholders and to build the competition power in reaching to be the leader in technology innovations for Thailand

The Company has disclosed policies and its operation plans for social and environment responsibilities considering all the stakeholders, published on Sustainable Development Report 2017, also online at [www.cho.co.th](http://www.cho.co.th) The content for this report applied the materiality assessment of the international standard of Global Reporting Initiatives (GRI) 4

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## The Corporate Governance, Risk Management, Nomination and Compensation Committee Report for the year 2017

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Dear Shareholders,

According to the Board of Directors (BOD)' Meeting of Cho Thavee Public Company Limited No. 6/2014 held on December 21, 2014 considered appointing the Corporate Governance, Risk Management, Nomination and Compensation Committee ("CGR Committee") to act supporting, enhancing and practicing in Good Corporate Governance, risk management throughout organization, the Company's Board of Directors and Executives' nomination and compensation. CGR Committee comprised of 2 out of 3 Independent director more than one-half of the total number of the committees and also the chairman of CGR Committee is the independent director in accordance with the Good Corporate Governance policy and the Board of Directors' charter. Mr. Chatchawan Triamvicharnkul acts as the Chairman of the CGR Committee, Mr. Asa Prateepasen and Mr. Siritwat Taveesangskulthai are the CGR Committees.

5 meetings have been organized in 2017, 3 of the CGR Committees and the Executive Managements attending the Meeting in order to consider practicing of the BOD's Charter guideline. Summary of the operation results as follows

### 1. Good Corporate Governance

1.1 The CGR committee determined practicing of Good Corporate Governance of the Company registered under the Stock Exchange of Thailand ("SET") concluded that in 2017, the Company has continuously operated on Good Corporate Governance of 5 sections comprising of the Rights of shareholders, Equitable treatment of shareholders, Roles of stakeholders, Disclosure of information and Transparency and BOD. responsibilities. The Company has set the policy of the Good Corporate Governance of conflict of interest prevention, internal data management, audit fees, and create good relationship with the investors. Hereby, the CGR committee has reviewed good corporate governance for the company sustainability according to the Securities and Exchange Commission announced in 2017. The company has adequately implement in every condition. Furthermore, there is a condition that the company has to be improved and developed continually for the year 2017.

1.2 The CGR committee has considered the Good Corporate Governance's policy and guideline of Anti-Corruption and proposed the BOD to consider announcing these policy and guideline to all Executive committees and employees in every level in 2017.

## 2. Main Risk Management of the Company

2.1 The CGR Committee determined the Company's Main Risk Management (COSO Enterprise risk Management – Integrate Framework) comprising of strategic risks, financial risks, operation and management risks, law and regulation risks including of environmental regulation risks, image and participation towards community and environment and also organized the seminar about the Risk Management and the Risk Management Tools for the Executive officers and the officers whose activities relating to risk throughout the organization. To sum up, in 2016, the Company's operations of risk management have accomplished in each section of risks.

2.2 The CGR Committee complied with the international standard of COSO Enterprise Risk Management – Aligning with Strategy and Performance throughout the organization order to enhance the efficiency and competency of competitive power also accomplishment the Company's overall targets.

## 3. The Company's Committees and Executives Nomination

3.1 The 2018 Company's Board of Directors nomination was considered the BOD according to the criteria under SET. In accordance with the Good Corporate Governance and the Company's policy, the Company offers the shareholders' right to propose qualified candidates as a company's Director for the year 2018 to the Company's announcement of the invitation to Shareholders to propose qualified candidates as a company's Directors and to propose inquiries in advance via the Company's website [http://cho.listedcompany.com/shareholder\\_meeting.html](http://cho.listedcompany.com/shareholder_meeting.html) from 11<sup>th</sup> October – 29<sup>th</sup> December 2017. However, no one was purposed to be the Company's Directors. The nominated director replacing the one retiring by rotation in the year 2017 was considered appointing by the 1/2017 Annual General Meeting of Shareholders. The Company has continuously performed the shareholders' resolution accordingly throughout the year 2017. At the present there are 7 persons act as the Company's BOD; 3 of them are the independent directors and 1 of the directors is not the Executive management, with the President act as the secretary of the Company's BOD, the biographical information of them presented in this annual report at the BOD heading.

3.2 The CGR Committee has reviewed the criteria in selecting the Company's BOD and the Executives by concerning on the qualification, knowledge, capacity, experience and good work history, leadership, integrity, ethics and moral, and must be able to devote time for the performance of duties as a Director of the Company. Moreover, the appropriate qualified person must be comply with the management structure and the Company's target in order to develop or invest in new business including of the expert skill and knowledge that help formulate the Company's policies and strategies as well as efficiency in corporate governance with the transparent nomination procedures in order to ensure confidence of the shareholders.

3.3 The CGR Committee has reviewed the succession plan of the company to be the way of executive potential development as well as recruitment of executive who is proper to the business structure of the company.

#### 4. The Company's BOD and Executives Management's Remuneration

4.1 The CGR Committee considered the remuneration of the President/ Chief Executive Officer for the year 2017 and purposed the Company's BOD's Meeting No.1/2018 to consider evaluating the President and Chief Executive Officer's operation for the year 2017 and approving the appropriate President/ Chief Executive Officer's remuneration for the year 2018. Moreover, the Company has continuously performed according to the Company's BOD's resolution throughout the year 2017.

4.2 The CGR Committee considered determining the Company's BOD and sub- committees' remuneration for the year 2018 and purposed the Company's BOD's Meeting No.1/2018 to consider evaluating the Company's BOD and sub-committees' operation for the year 2017 and approving for the equal and appropriate remuneration of the Company's BOD and sub-committees for the year 2018. However, after purposing to the BOD for agreement, this item will be proposed to the shareholders' for approval at the 2017 AGM. The Company has continuously performed according to the Company's BOD's resolution throughout the year 2017.

4.3 The CGR Committee has set 8 sections of the criteria of operating evaluation for the year 2016 for the Company's BOD and sub-committees comprising of

1. Policy of the BOD's qualification and structure
2. Roles and Responsibilities of the BOD
3. Meeting of the BOD
4. Operation of the BOD
5. Independence of the Director
6. Good Corporate Governance
7. Management relationship
8. Self- development of the committee and Executive Management

4.4 The CGR Committee has set 3 sections of the criteria of operating evaluation for the year 2017 for determine the President/ Chief Executive Officer remuneration for the year 2018 details as follows

1. 3 sections of measurement of plans progression comprising of business growth capacity, innovation of products initiation and organization development and human resource development.
2. 10 sections of operating results comprising of 1)Leadership 2)Strategic specification 3)Strategic operation 4)Plans and financial operating results 5)The BOD relationship 6)Outsider relationship

7)Management and personnel relationship 8)Succession 9)Knowledge of products and service  
10)Personal characteristic.

3. Measurement of personal development, strength and potential development

4.5 The CGR Committee has reviewed the criteria of the remuneration of the Company's BOD and sub-committee including of the President and Chief Executive Officer by taking into consideration for each duties and responsibilities performance and comparisons against similar business registered under the Stock Exchange of Thailand. The level and compensation of remuneration should be appropriate and high enough to keep qualified directors to achieve their duties and performances with transparent procedures for the shareholders' confidence.

January 18, 2018

On behalf of The Corporate Governance, Risk Management, Nomination and Compensation Committee



(Mr. Chatchawan Triamvicharnkul)

Chairman of Corporate Governance, Risk Management, Nomination and Compensation Committee

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# Internal Control and Risk Management

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## Internal Control

The Board of Directors of the Company and its subsidiaries have continuously emphasized on essential Internal Control that focusing on the adequacy of the internal control system in all activities and the business operations to increase efficient and effective effectiveness in operations. The Board of Directors are responsible for company's internal control system, taking into account of good corporate governance, risk management Internal control, and compliance with the rules and regulations. The Board of Directors has assigned auditors to review the adequacy of the internal control system, verify the accuracy and transparency of financial reports and maintain company compliance related by laws. As well as prevent the conflict of interest by related transaction and propose to Board of Directors for consideration. The internal audit department is independent from management section in order to review the performance of various departments of the Company and its subsidiaries and report directly to the Audit Committee to enhance the efficiency of internal control.

The Company and its subsidiaries have internal control system and risk management comply with the risk management framework throughout the organization. Refer to COSO-ERM International Standards (The Organization of Corporate Treadmills), which relate to the business and management processes of the company.

COSO-ERM Risk Management consists of 8 components including policy, management, operations, and risk management.

### 1) Internal Environment

The corporate environment is an important component in defining the risk of management framework contains many factors such as corporate culture, executive policy, Personnel Performance Guideline, information system, and regulations. The internal environment of an organization constitutes an important basis for defining the direction of the organization's risk management framework.

### 2) Objective Setting

Organizations must consider the objectives of risk management to be consistent with the strategies and risks acceptable with the organization in order to set clear and appropriate risk management targets for the organization.

### 3) Event Identification

This is a collection of situations that may occur with the agency. The internal and external risk factors, such as personnel management policies, financial operations, information systems, legal regulations, accounting systems, taxation, and etc. For executives to be able to formulate policies and guidelines for dealing with potential risks.

### 4) Risk Assessment

Risk assessment identifies and prioritizes existing risks, likelihood and impact can be assessed by assessing both external risk factors and internal risk factors.

#### 5) Risk Response

It is implemented after the organization can identify the risk of the organization and risk assessment. Risk must be taken to respond appropriately to reduce loss or chance of impact to be an acceptable level.

#### 6) Control Activities

Define activities and other actions to reduce risks in order to achieve the objectives and goals of the organization, such as defining operational procedures related to risk management for personnel within the organization to ensure that the risk can be managed properly and to reach the target.

#### 7) Information and Communication

Organizations must have effective information and communication systems. It is important basis to consider the risk management framework and the organization's procedures.

#### 8) Monitoring

Organization must follow up and acknowledge whether the results are appropriate and able to manage the risk effectively.

### **Comments from Board of Directors' regarding to the adequacy of the Internal Control**

At the Board of Directors Meeting No. 1/2018 held on January 30, 2018, the Executive Committee evaluated the Company's internal control system by "Assessment of adequacy of internal control system" in accordance with the guidelines prescribed by the Office of the Securities and Exchange Commission. The Company has adequate internal controls to ensure that the Company operates in a satisfactory manner to achieve the objectives of internal control, the efficient and effective of operations. Including controls the consumption of resources, provide accurate, reliable and timely financial reports, compliance with the law, rules and policies of the company include those of the external regulatory agencies and organizations.

The Audit Committee and Board of Directors are agreed that the Company's internal control system in 2017 has sufficient internal control and appropriate according to the internal control system.

### **Risk Management**

The Company's Board of Directors appointed the Risk Management Vice President in order to supervise the organization risk management to ensure that the overall organization is achieved at acceptable level and to continue to track the risk management. The Company has organized risk and control self-assessment in order to assess risks, problems and difficulties also the uncertainty may affect the company's operation to achieve its goal. The internal and external risk factors may affect the company to loss business' opportunities. Once risks are defined to be difficult to achieve its goal, the Company must have the measurement of risk management.

The Company defined risk management policy for the executive and all employees to comply and adhere. The Company also educated the risk management as the organization culture by having the Risk Management Chief Officer to govern the Company's risk management by submitting a quarterly risk

management report to the Executive Committees, the Corporate Governance, Risk Management, Nomination and Compensation Committees, the Audit Committees and the Board of Directors for closely monitoring to ensure that its risk appetite is acceptable and the company is able to accomplish its goals. Please refer to the “Risk Factors” in section 3, which summarized the risk factors affecting the Company’s operation and finance.

Moreover, the Company assessed risks and difficulties that may affect the Company’s operation together with the sufficiency of internal control assessment in order to improve and ensure that risk management is more efficient and effective. The limit covered the administrative and management within the Company, so that the executive responsibilities in each department were assigned and to follow the risk management guideline and also the related parties shall comply and adhere the Company’s risk management system in order to enhance the operation to be more efficient and effective.

### **Internal Audit**

The Internal Auditor performs its duties independently and objectively and reports functionally and directly to the Audit Committee. The charter of audit work has been revised to be up-to-date to use as a benchmark in the same direction.

The Internal Auditor evaluates and improves the effectiveness of internal control, processes according to annual audit plan after consideration of the Risk Based Audit Approach. The Internal Audit Office also consults and advises to ensure that company performance follows its strategies and achieves its goal and objectives. Furthermore, the Internal Audit Office regularly performs monitoring activities to ensure the effective and continuous improvement of internal control, risk management, and governance processes.

In assessing the effectiveness of internal control, the Internal Auditor has developed an adequate evaluation questionnaire for each internal control process, which is used to review the performance of each operation to ensure that the Company’s objectives are achieved efficiently and effectively, rules and regulations are strictly adhered to and that financial reports are accurate and reliable.

Furthermore, the Internal Audit manager acts as the secretary to the Audit Committee to support the effective achievement of its responsibilities and ensure accountability, as assigned by the Board of Directors in the Audit Committee by monthly holding a meeting and to provide professional advice to the Company, concerning the Risk Management and the Information Security of the Company.

The Internal Auditor adheres to the Standard for the Professional Practice of Internal Auditing, COSO 2013 and ISO 9001: 2008 frameworks and to perform their duties independently objectively according to the code of ethics. The Company emphasized on the Individual Coaching Plan, also the professional program qualified at different level.

## Internal Audit manager and Chief of Compliance

### 1) Internal audit Manager

The company has the internal audit section, with Mrs. Apsorn Suriya being internal audit Manager, with the agreement from the audit committee No.1/2012 on November 14, 2012. The audit committee agree that the internal audit manager has the educational background, experiences, training as sufficient to the performance of internal audit in all aspects according to the standard of internal audit and risk factor analysis, preparing of audit plan, preparing of internal audit report complied to standard, reviewing to the sufficiency completeness of the evidence referred in the report, proposing or suggesting of the methodology in correction, adding, or reducing of audited transaction, preparing of working paper in collecting audited information, and performing other assigned duty and understanding of the Company activities and operating.

However the audit committee authorizes to nominate, discharge, move and evaluate the performance of internal audit manager.

### 2) Chief of Compliance

The board of directors has appointed Mr. Nattaporn Muangchantra (Legal assistant manager) to be chief of compliance, and has agreed that chief of compliance unit has the educational background, experiences, training as sufficient to the performance of governing the company and the subsidiary company in performing complied to regulations, act, notice from related organization such as the SEC and the SET; corporate governance for the public company and private firm in the group; preparing of document and the registration of correction, amendment of rules and regulations, resolutions to government sector; coordinating of transaction, legal act, registration agreement concerning the company's assets, providing the advice relating to civil case and criminal case, monitoring of debt collection and the enforcement of case.

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# Risk Factors

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The company aware of the importance of business risk management under the changing of internal and external factors that impact company performance. Risk management is an important tool in managing the business to achieve its goals efficiently and effectively. It is a part that strengthens the competition as well as an important element of Good Governance, so the company has found a systematic risk management with monitoring and using measures to continued prevent risks. The board of directors has appointed the corporate governance, risk management, nomination and compensation committee to consider the adequacy and suitability of the policies. The management team has to take care of risk management during the working day instead of the committee as well as following up, evaluation and to prepare reports for the result of risk management and then submit it to the board of directors. Besides, the management team has to prepare quarterly reports of risk management, and also prepares risk management manual to be the guidance of operations. There should be usually following up, evaluation and review of risk, to comply with both internal and external situations. Also, there is an emergency plan in case of emergency cases to solve problems immediately, and coordinate related departments at any time. The significant risks which may impact the business goals are as follows.

## 1 Risk of doing business

The Risk of doing business for new projects under the contract with government sections and its policies

Project of rental for E-Ticket system with equipment for 2,600 vehicles

The company has awarded the bid for rental of the Electronic Ticket system (E-Ticket) with equipment under the contract with the Bangkok Mass Transit Authority (BMTA) with the contract value of 1,665 million Baht. The company has installed and hand over the first 100 units on October 13, 2017, the second 700 units on December 12, 2017 and the remaining 1,800 units have to be installed within June 10, 2018. The company may face with the problem of data signal reports against electrical data of the vehicle and the stability of communication system for sending processing signal as well as commissioning and inspection methods by the inspection committee which comes up with other conditions which are not specified in the contract or agreement.

For risk management, the company has created a cooperation system for both operation level and management level with government sections who is the project owner. There are enough data sharing for each party to achieve a common understanding, and closely monitoring for changing of policy. There will be policy and plan reviews to suit each situation for reasonable and getting long term benefits, and they will affect the overall development of the country.

### 1.2 Risk of uncertain revenues

As the company doing business of design products and provide services for both domestic and overseas customers. The main revenues are for standard products, special design product and project management, which may impacted by uncontrolled internal and external factors. For example, delay of drawing confirmation to start production, delay of materials delivery from suppliers, changing of law and regulations, these may cause additional process, late delivery and cannot recognize revenue as planned. In 2017, the company will earn revenue from developed commercial vehicle service center, which may vary according to economic conditions in the country. Small repair shops are our competitors with delivery period as the company takes production time more than them. As there are many uncontrolled factors, so revenues may differ from the expected strategic plan. This affects liquidity and payment ability commitment such as loan interest, costs in the operation contract as well as opportunity to take new projects which are the expertise of the company but unable to take the work.

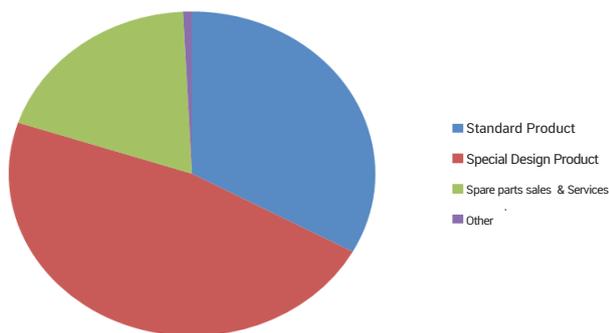
For risk management, the company assigned operation team in each department to follow up the impact that may arise from main factors such as production costs, the distribution of production workflow to subcontractors, materials sourcing from many suppliers in both domestic and overseas and there are following up preventive maintenance of new customers who applied the program in 8 service centers and 24-hour commercial vehicle service center. The company also focuses on long term contracts to increase its revenues receiving from commercial development and increase the certainty of revenue.

### 1.3 Risk of Dependence on the Limited Industry Group

The company is doing business of design and produce products for customers, including government sections and private sectors in domestic and overseas. In 2017, the revenue from standard product is 16.1 percent, special design product 53.9 percent, project management 28.2 percent and another 1.8 percent of 2017 revenue. The customer of

special design product is customer in the aviation industry and domestic government sections.

Total revenue of the Company and its Subsidiaries



- Total Revenues from Standard Product: 572,796,632.52 Baht (35.89%)
- Total revenues from special design product: 818,143,471.48 Baht (51.27%)
- Spare parts sales and Services: 194,964,372 Baht (12.22%)
- Other revenue: 9,912,022 Baht (0.62%)

For risk management, the company assigned marketing team to work on site for each project including 24-hour commercial vehicle service center, which will provide fully 24-hour service in 2018. For the performance overview of 2017, revenue from service center 656.53 million Baht, increased 61% comparing with 2016. The customers have confidence on our service as the increase of number of vehicle, and it is expected that the customers still remain unchanged as well as increase of new logistics customers in the eastern area.

## 2 Management Risk

### 2.1 Delivery Risk

In the production and installation of auction contracts, such as the 57 bus renewal contracts, the E-Ticket project of BMA, and trucks for government sections. The contract will specify the delivery time to customers in advance, including fines in case the company and the co-workers are unable to deliver the work on time. Fine for delays may have different values for each contract. It caused to increase in cost as well as reduce company profit from that project. In addition, delays in the project delivery may result in the company losing liquidity, disturbed and less credibility from other customers. And the company will lose business opportunities in the future.

For risk management, the company featured on the track, monitor and control operations closely at all stages of work. Starting from designation, ordering parts for domes-

tic and abroad, production control quality inspection, and testing in real situations according to customer specifications. This will allow executives and concerned parties to acknowledge the progress of each project and solve problems that may happen in a timely manner. That leads to risk acceptance of project management at that time. In addition, some fines are calculated as the cost of bidding.

### 2.2 Skilled Labor Shortages Risk

In production and after sales service, knowledgeable, skilled and experienced are required. This will reduce the potential losses from the production process and cost will be controlled following planed. Moreover, the after-sales service by skilled personnel or technicians can make more customer satisfaction with high quality and less time consumption. Therefore, the Company and our chains are committed to the recruitment of qualified personnel for efficient productions and services. Nowadays, skill and expertise labor such as mechanic, car air conditioner technician, electrician, and NGV Gas Adjuster are a must in the industry. There will be a risk of shortage skill labor once the companies are unable to find a substitute person in time.

In the past year, the Company and our chains managed and pretend labor shortage risk by improved our payroll structure to compete with other companies in the same industry. Include additional benefits such as a lunch allowance, car maintenance, car maintenance for who use their own car for company business, and the savings cooperative that will be an employee savings fund by the company will contribute 1 time for the savings of employees who pay in the cooperative in addition of the general welfare. And also provide skills training program in CHO School. The course is equivalent to a Bachelor's degree, called "Bachelor degree of CHO spicies" to encourage employees to work happily.

## 3 Financial Risk

### 3.1 Exchange Rate Fluctuation Risk

The majority of products that the company sells to our customers are imported from abroad. Most of the quotations and payments were in Euro and US dollars, while 53.9% of production and distribution went to overseas and 16.1% of standard products are denominated in Thai Baht. Once selling price and service charge are agreed by customer, it cannot be changed if Euro or US dollar are appreciated. Therefore, the Company may be affected by fluctuations in exchange rates. This will affect the cost of production and gross profit of the company. Due to the Company cannot immediately adjust the price of goods to meet the rising cost. The Company and our chains have

a policy to reduce the risk of entering into Forward Contract, which is in the consideration of management and in accordance with the policy approved by the Board committees.

Furthermore, Exchange rate is closely monitored by company to assess the situation and trends in exchange rates to determine the selling prices reflecting with the exchange rate in each period. The exchange rate fluctuation has been minimized by planning order and delivery including setting selling prices to cover the risk of exchange rate fluctuations. That makes the company is affected by the risk in the limited. Anywise, company and our chains have no policy to speculate on foreign exchange rates.

### 3.2 Interest Rate Risk

Since company has a debt obligation to pay interest to the lender and plans to invest in several future projects. Therefore, it may be necessary to use huge amounts of long-term loans. Thus, interest may be the majority of the company's expenses. Increasing in lending rates can affect the operation of the company. When cost of loans is floating, the Company is exposed to interest rate risk in case of a fluctuation in interest rates.

Risk Management, The structure of the loan is divided into floating rate and fixed interest rate. Including the plan to increase the registered capital or issue debentures in accordance with the economic situation. And Company's cash flow plans, taking into account future interest rates.

### 3.3 Delayed Payment Receipts Risk

The Company manufactures products according to customers' orders (Made to Order) and project management contract controlled. The delivery of goods and payment are following the conditions agreed by the contract or pre-billing services under agreed conditions. There is a delay payment risk from some customer or there may be a payment issue. This will affect the company's financial liquidity as the company has fixed monthly expenses. In 2017, the company had over 13 debtors over the debt of Baht 135.79 million or 9% of total annual income.

Risk Management, Company and our chains be aware of such risks. Therefore, the Company has policy to evaluate the potential of the customer or the employer before accepting orders or agree to service. Private and government sections are required to pay a pre-paid deposit of 15% to 30% of the contract value, in case of contract manufacturing. And project owners are required to pay monthly or quarterly installments in accordance with the progress of the appropriate service. Department

of Finance is responsible for summarizing the customer's payment. If any customer exceeds the payment due date, they will be tracked to make payment. If they do not pay, company reserves right to charge interest on late payments as stated in the sales contract or quotation. And will inform all relevant departments and senior management immediately also report to the Board Executive every month. By apparently communication, the company is confident that we will eliminate the risk of delinquent repayment from customers.

## 4 Legal Dispute Risk

### Legal Issues

3.4.1 The lawsuit was filed by the company and / or lawsuits proceedings of the Company and our chains are as follows:

(1) Black Lawsuit No. 262/2553 sued M1 modified car bills as a hospital van between companies (plaintiff) filed a lawsuit against Mr. Pinyo Kajanan (defendant). The court ruled that the amount of debt under the compromise agreement was Baht 300,000 and set up the enforcement officer to seize debtors to repay debts. Currently under investigation of the defendant.

The debtor is owed purchase order of cold storage tank equipped, litigation proceeds and the court has ruled in accordance with the compromise agreement and the defendant paid the plaintiff 850,000 baht. Currently, the defendant or debtor defaulted under the compromise agreement. The lawsuit filed with the court to order the enforcement officer proceed to seize the debtor.

(2) Dispute between the Administrative Court and the Bangkok Mass Transit Authority. In the bidding for the purchase of 489 gas-fueled buses (NGVs) project, Joint venture with Khon Kaen CHO Co., Ltd. (1993) under the name of JVCC which was chosen and announced as the winner of the auction at the price offered. The total amount was 1,735.55 million baht and bus repair and maintenance at the price that offered by joint venture in the amount of Baht 2,446.35 million.

Currently, CHO's joint venture assigns to Baker & McKenzie Co., Ltd., a legal advisor with experience and expertise in litigation. Filed under the Bangkok Mass Transit Authority on February 24, 2016, the Central Administrative Court ruled in favor of the petition filed on March 17, 2016. The plaintiff filed the complaint with the Central Administrative Court. JVCC Joint Venture Baker & McKenzie Co., Ltd., a legal advisor, has submitted the documents and completed the application. The case is now under way through documentary evidence that both parties propose to the Administrative Court. During this time, the Legal Department will coordinate with the legal advisor to pursue the case. By considering jointly accelerating the trial of the court likely to affect both positive and negative cases. And must operate with caution and prudence.

## Related Transactions

The Company and its subsidiary company has done the transactions with the person(s) which may have the conflict of interests, such transactions have been done with the Company's shareholders and the related person(s) according to provision 258. The transactions have been disclosed in the remark to financial statements and interim financial statements audited and reviewed by the auditor of the company. The audit committee has expressed the opinion about the appropriateness of such transactions that: the transactions were in corresponded with the Company's normal business, or with the reasonableness. The prices and other conditions were quoted complied to market price according to the fair and at arm's length price, the same as quoted to other person(s) or other business which have no relationship. There was no transaction of the benefits among the Company, the subsidiary company, and the person(s) which may have conflict of interest.

### 1 Related Transactions

The related transactions of the Company and the subsidiary company with the person(s) which may have conflict of interest for the accounting period of 2016-2017 ending 31<sup>st</sup> December 2016 and 31<sup>st</sup> December 2017 shown as follows:

Name of the related person/relationship	Characteristic of related transactions	Value (million baht)		The essential and the reasonable	The opinion of audit committee
		31 December 2016	31 December 2017		
1.Knon kaen Cho Thavee (1993) Co., Ltd. - Mr. Suradech Taweesaengsakulthai (major shareholders/director) holds 97.385% and being the director of such company	<ul style="list-style-type: none"> <li>■ The Company sales the products and services of repairing of truck's body, trailer/semi-trailer</li> </ul>	0.00	2.73.63	- The Company sales the products and spare parts and provide the services of repairing as normal trade with trade condition not differed from doing with the other	- Being appropriate and complied to the market price and normal trade according to the fair and at arm's length price with the price closed to that of the others
	<ul style="list-style-type: none"> <li>■ The Company rented the office building space to Khon Kaen Cho Thavee (1993) Co., ltd to be office</li> </ul>	0.36	0.36	- The company rents out headquarter area to Khon kaen Cho Thavee (1993) Co., Ltd. as an office at cost of 30,000 Baht/month, it is annual contract with the market rental rate	- The determination of price as per net book value was appropriated, with the price evaluation in equivalent to market price

Name of the related person/relationship	Characteristic of related transactions	Value (million baht)		The essential and the reasonable	The opinion of audit committee
		31 December 2016	31 December 2017		
1.Khon kaen Cho Thavee (1993) Co., Ltd. (continue)	<ul style="list-style-type: none"> <li>■ The Company provide legal consultant service</li> <li>■ The company sales other tools</li> </ul>	0.48	0.96	<ul style="list-style-type: none"> <li>- Legal service and lawsuit consultant service</li> <li>- Expenses Advance</li> </ul>	- It is appropriate and according to the company policy
	<ul style="list-style-type: none"> <li>■ The fee from using the security of Khon Kaen Cho Thavee (1993) Co., Ltd., for being pledged to the Company's credit line</li> </ul>	0.60	0.60	- The company has granted credit line from the bank by pledging the security of Khon kaen Cho Thavee (1993) Co., Ltd.	
	<ul style="list-style-type: none"> <li>■ Transportation fee and service fee by E-Ticket Project</li> </ul>	0.00	1.45	- The Company has used the transportation services and the E-ticket system for the rental of electronic ticketing system. Prices and terms of trade are in line with the market price.	
	<ul style="list-style-type: none"> <li>■ The cost of land rent and building parking lots for KKU Smart Transit in Khon Kaen University</li> </ul>	0.36	0.36	- It is parking lots for KKU Smart Transit project in Khon Kaen University	- The service rate is appropriate comparing with other person service rate
	<ul style="list-style-type: none"> <li>■ The Company has account receivables from such transaction at the ending of period</li> <li>■ The Company has other receivables from expenses charged.</li> </ul>	0.00	73.09	- The Company has account receivables from sold the products and spare parts as normal business and Expenses Charged	- Trade as to normal trade, the price was closed to that of other person from the trade in the past
	<ul style="list-style-type: none"> <li>■ The Company has other account payable relating to such transaction at the end of period</li> </ul>	0.00	1.87	The Company has granted credit terms as per normal trade	- Condition is closed to other person, and there is no transection in 2012

Name of the related person/relationship	Characteristic of related transactions	Value (million baht)		The essential and the reasonable	The opinion of audit committee
		31 December 2016	31 December 2017		
2. Volrep Truck and Bus Co., Ltd. -Ms. Asana Taweesangsakulthai (director) holds 0.50% and being the director of such company	<ul style="list-style-type: none"> <li>■ The Company sales products and services in repairing of the body of truck, trailer/semi-trailer</li> </ul>	0.046	0.41	- The Company has sold the products and spare parts as normal business, with the comparison of price with other seller, the price and condition offered based on market price basis	- Being appropriated as per normal business, the price and condition closed to that of other person
	<ul style="list-style-type: none"> <li>■ The Company has account receivables and advance from such transaction at the ending of period</li> </ul>	0.00	0.26	- The Company has received the credit terms as per normal business	
	<ul style="list-style-type: none"> <li>■ The Company has bought the products, raw materials, and equipment.</li> </ul>	1.85	1.81	- The Company has bought spare parts and equipment at the agreed price, and the price was closed to market price	- There was the comparison of price as appropriated and as per normal business, the price and condition closed to that of other person
	<ul style="list-style-type: none"> <li>■ There was hiring a company to perform maintenance service for KKU Smart Transit project</li> </ul>	3.19	3.65	- There was hiring a company to perform maintenance service for KKU Smart Transit project with the service center standard price	
	<ul style="list-style-type: none"> <li>■ The Company has account receivable from such transaction at the end of period</li> </ul>	0.05	0.72	- The Company has received the credit terms as per normal business	
	<ul style="list-style-type: none"> <li>■ The Company has offered the managements service, accounting software, and paid the expenses in advanced</li> </ul>	1.94	3.21	- Volrep Truck and Bus Co., Ltd. ;has no accounting software of its own, and has hired the company for the service of accounting software and others with the service fee of 80,000 baht/month, there has the collection of statistical data of the usage in evaluation the frequency of the usage and being used as the computation of service fee which shall be compared with other business, the project has finished in July 2013	- Being the appropriated service fee with the comparison with other person

Name of the related person/relationship	Characteristic of related transactions	Value (million baht)		The essential and the reasonable	The opinion of audit committee
		31 December 2016	31 December 2017		
2. Volrep Truck and Bus Co., Ltd. (continue)	<ul style="list-style-type: none"> <li>The company sales other tools</li> </ul>	0.00	0.03	- Sales materials	- Being appropriated as per normal business, the price and condition closed to that of other person
3. Ruamthavee Khon kaen Co., Ltd. - Mr. Siriwat Taveesangkulthai (director) holds 19.16% and being the director of such company	<ul style="list-style-type: none"> <li>The Company has sold the products and provided the services of repairing the truck's body, trailer/semi-trailer</li> <li>The Company has account receivables from such transaction at the end of period</li> <li>The Company has bought raw materials and spare parts</li> <li>The Company has trade account payables from such transaction at the end of accounting period</li> </ul>	0.03  0.028  10.27  2.50	0.04  0.005  97.38  35.35	<ul style="list-style-type: none"> <li>The Company has sold spare parts and provided the services of repairing as to normal trade with the comparison with other seller, the offered price and condition was under market price basis</li> <li>The Company has outstanding debts from selling products, spare parts and services as normal business</li> <li>The company has bought raw materials and spare parts as to normal trade</li> <li>Being trade condition as to normal trade of Ruamthavee Khon kaen Co., Ltd. which was the price closed to market price and received credit terms as to normal trade credit terms of Ruamtahvee Khon kaen Co., Ltd., and the transaction incurred before being the related company</li> </ul>	<ul style="list-style-type: none"> <li>Being appropriated as to normal trade, the price closed to that of trading with other person</li> <li>Being appropriated as to normal trade, the price was closed to that of other person</li> <li>Being appropriated and the condition</li> <li>-Trade as to normal trade, the price was closed to that of other person from the trade in the past</li> </ul>

Name of the related person/relationship	Characteristic of related transactions	Value (million baht)		The essential and the reasonable	The opinion of audit committee
		31 December 2016	31 December 2017		
4.Tang Hua Sing Nakon Pathom Limited Partnership - Mrs. Penphimol Vejvarut, major shareholder and managing partner	<ul style="list-style-type: none"> <li>■ The Company has sold the products and provided the service of repairing the truck's body, trailer/semi-trailer</li> </ul>	0.00	0.17	<ul style="list-style-type: none"> <li>- The Company has sold spare parts and provided repairing service as to normal trade, with the comparison of the price with other seller, the price and condition under market price basis</li> <li>- The company has bought raw materials and spare parts as to normal trade</li> <li>- The Company has outstanding creditors from selling products, spare parts and services as normal business</li> <li>- The Company has outstanding debts from selling products and services as normal business</li> </ul>	<ul style="list-style-type: none"> <li>- Being appropriated as to normal trade, the price was closed to that of other person</li> <li>- Being appropriated as to normal trade, the price was closed to that of other person</li> </ul>
	<ul style="list-style-type: none"> <li>■ The Company has bought the products, raw materials</li> </ul>	106.50	167.38		
	<ul style="list-style-type: none"> <li>■ The Company has account receivables from such transaction at the end of period</li> </ul>	112.95	30.61		
	<ul style="list-style-type: none"> <li>■ The Company has account receivables from such transaction at the ending of period</li> </ul>	0.00	0.09		
5. TSP-CTV JOINT VENTURE. The Company has signed the joint venture agreement with T.S energy saving lighting Co., Ltd. with joint responsibility	<ul style="list-style-type: none"> <li>■ The Company has realized revenues from management job.</li> </ul>	1.91	1.67	<ul style="list-style-type: none"> <li>- The company has charged for the management fee and the payment on behalf of Joint Venture as necessary, since the joint venture has no personal of its own in present the project under control of Ministry of Defense</li> </ul>	<ul style="list-style-type: none"> <li>- Being appropriated and the necessity and the determination of price</li> </ul>
	<ul style="list-style-type: none"> <li>■ The Company has other account receivables from such transaction at the end of account period</li> </ul>	1.82	3.49		
	<ul style="list-style-type: none"> <li>■ The Company has account receivable from money advance at the end of account period</li> </ul>	0.02	0.02		
6. JVCC JOINT VENTURE. The Company has signed joint venture agreement with Khon kaen Cho Thavee (1993) Co., Ltd. with joint responsibility	<ul style="list-style-type: none"> <li>■ The Company has other account receivables from money advance at the end of account period</li> </ul>	5.03	5.05	<ul style="list-style-type: none"> <li>- The Company has paid a necessary expense since the Joint Venter has no personal in the bidding project to government sector and private sector with the condition in having the company's registered capitals of more than 270 million baht.</li> </ul>	<ul style="list-style-type: none"> <li>- Being appropriated and corresponded with short-term necessity, with not much amount as significant</li> </ul>

Name of the related person/relationship	Characteristic of related transactions	Value (million baht)		The essential and the reasonable	The opinion of audit committee
		31 December 2016	31 December 2017		
7. JVOPV JOINT VENTURE The Company has signed joint venture agreement with Khon kaen Cho Thavee (1993) Co., Ltd. with joint responsibility	<ul style="list-style-type: none"> <li>The Company has other account receivables from money advance at the end of account period</li> </ul>	0.00	0.03	- The Company has paid a necessary expense since the Joint Venter has no personal in the bidding project to government sector and private sector	- Being appropriated and corresponded with short-term necessity, with not much amount as significant
8. KHON KAEN THINK TANK Co., Ltd. Mr. Suradech Taweesaengsakulthai (director) holds 6.86% and being the director of such company	<ul style="list-style-type: none"> <li>The company has provided making video presentations and other tasks</li> <li>The Company has outstanding debts from such transection at the end of account period</li> </ul>	0.18  0.13	0.17  0.14	<ul style="list-style-type: none"> <li>The company has provided making video presentations for the Khon Kaen Think Tank Co., Ltd. and billing to them</li> <li>The company has provided accounting consultancy service</li> </ul>	<ul style="list-style-type: none"> <li>- Being appropriated as to the company's pricing policy</li> <li>- Being appropriated and corresponded with short-term necessity, with not much amount as significant</li> </ul>
9. Mr. Suradech Taweesaengsakulthai - The major shareholders of the company with the portion of 37.840% of paid-up registered capitals as at closing date on 29/12/2017 - Director -Chief Executive Officer - President and Chief Executive Officer	<ul style="list-style-type: none"> <li>Being the guarantor for the subsidiary company's credit line with bank</li> <li>The Company has other account payable relating to such transaction at the end of period</li> </ul>	Guarantee line with 1 banks in total of 19.00 million baht  0.62	Guarantee line with 1 banks in total of 19.00 million baht  0.62	- The subsidiary company has the loans agreement with the bank with the condition that the director being guarantor to such credit line beside to other collateral, and the director did not charge any compensation for such guarantee	- The transaction was reasonable and benefited to the company business, and the company have to do as to the bank's condition

Name of the related person/relationship	Characteristic of related transactions	Value (million baht)		The essential and the reasonable	The opinion of audit committee
		31 December 2016	31 December 2017		
10. Ms. Asana Taweangsakulthai - The Company's shareholder in the portion of 3.326% of paid-up capitals as at 29/12/2017 - Director -The executive committee -Senior Vice President	<ul style="list-style-type: none"> <li>■ Being the guarantor for the subsidiary company's credit line with bank</li> </ul>	Guarantee line with 1 banks in total of 19.00 million baht	Guarantee line with 1 banks in total of 19.00 million baht	- The subsidiary company has the loans agreement with the bank with the condition that the director being guarantor to such credit line beside to other collateral, and the director did not charge any compensation for such guarantee	- The transaction was reasonable and benefited to the company business, and the company have to do as to the bank's condition
	<ul style="list-style-type: none"> <li>■ The Company has paid for rental fee at the Bangkok office</li> <li>■ The creditor from such transaction at the end of accounting period</li> </ul>	1.20	1.20	- The Company has rented the Bangkok office space at 100,000 baht per month	- The transaction was reasonable and benefited to the company business, and the company have to do as to the market price condition
11. OJ Development Co., Ltd. - Ms. Asana Taweangsakulthai (director) holds 44.99% and being the director of such company	<ul style="list-style-type: none"> <li>■ The company has provided legal consultant service</li> </ul>	0.30	0.60	- Legal service and lawsuit consultant service	- Being appropriated as to the company's pricing policy

## 2 Audit committee's opinion

The audit committee's meeting No. 2/2018 on 23<sup>th</sup> February 2018 has considered and reviewed with company's managements, expressed the opinion that the related transactions with the person(s) or juristic person which may have the conflict of interest for the 2017 accounting period were reasonable, the determination of price or the condition of such transactions were fairness and compared with the appraised price by the independent appraiser, or the comparative market price whoever deem appropriated. So, it did not cause the disadvantage to the company.

## 3 Measure or the procedure in appraising related transactions

The Board of Directors' meeting No. 1/2013 on 4<sup>th</sup> January 2013 has approved in principles about the policy and procedure in doing related transaction, in order to have the transaction between person (s) or juristic person (s) which may have conflict of interest being transparency, and to save the company's benefits. Has review and consider transaction regularly quarter up until now.

In case of the related transaction of the company or the subsidiary company with person (s) which may have conflict of interest, with interest, or may have the conflict of interest in the future, the company shall prepare for the opinion expressed by the audit committee concerning the essential and the appropriate of such transaction. In case that the audit committee has no expertise in considering such related transaction, the company will let the independent expert or the auditor of the company in expressing the opinion, for the decision of the board or the shareholders. The company shall disclose related transaction in remark to the audited financial statements and in form 56-1.

## 4 Policy or trend in doing related transaction

In the future, the company may have the related transaction as deem appropriate under the normal trade condition and can be referred to the trade condition of the same business which the company operates with the outside person (s). The company shall act as to rule of law pertaining to securities and stock exchange market, and regulations, notices, orders, of the market for alternative investment (MAI), including the performance as to regulations and disclose the information of doing related transaction, and the acquisition or disposal of significant assets of the listed company and the subsidiary company corresponded with accounting standard defined by the council of accounting profession.

In case that there will be the related transaction, the company and the subsidiary company shall act as to the announcement about the regulation dealing with procurement. The company shall also act as to the procedure of approving the related transaction mentioned there must be the comparison of price and condition from the distributors or other contractors who are not the related persons, and must have the quotation which clearly defines the price and condition, and being brought together in submitting to the audit committee for the expressing of opinion about the necessary and the appropriate of such transaction, before being proposed for the approval as per the measure of doing related transaction.

## 5 Measure in the future for the prevent of Conflicts of Interest

For the firm that has or may have the opportunity to perform business related to the company or the subsidiary company, and meets the measure of being the firm related to the company from having the affiliated directors and/or shareholders under the related regulation of the SEC, the company has not adjusted the structure by combining such firm to be under controlling power of the company. In order for the transparency in management, and in corresponded with the direction under the regulation of securities and stock exchange market act B.E. 2535 relating to the protection of minor shareholders' interests, the company has signed the agreement with such firm in defining the scope in operating business of each company, in order to remove the opportunity of having conflict of interest with the company. The followings are the related company, including the substance of agreements:

### 1. Khon kaen Cho Thavee (1993) Co., Ltd. ("CTV-1993")

Group of shareholders/person(s) with control power	: <u>The holding of shares</u> - Mr. Suradech Taweesaengsakulthai holds 97.38% of registered capitals <u>The director</u> Mr. Suradech Taweesaengsakulthai
Business model	: Selling of truck's head, every type of trailer, and leasing for truck
Assets in ownership (Audited financial statements as at 31 December 2016)	: 449.62 million baht
Reason of not being in the group	: The difference in business model with the company
Measure in protecting conflict of interest	: <b>Agreement dated 15 June 2011 with the major point as follows:</b> 1. CTV-1993 will not do business in the same or like that of CHO 2. CHO and CTV-1993 agree and guarantee to each other that; any operation between both contractor under this agreement must complied to law, regulation, notice, including rules and regulations of the SEC and the SET 3. CHO and CTV-1993 agree and accept that each party is unable to utilize human resources and assets of the other party for the benefits of its own
The binding time	: Start from date of signing agreement until the related contractor agree on the change

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## 2. Volrep Truck and Bus Co., Ltd. (“Volrep”)

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Group of shareholders/person(s) with control power	:	<u>Holding of shares</u> - Ms. Asana Taweangsakulthai holds 0.50% of registered capitals <u>The directors</u> Ms. Asana Taweangsakulthai
Business model	:	Selling of truck’s head, trailer, spare parts of truck, and engine repairing
Assets in ownership (Audited financial statements as at 31 December 2016)	:	147.38 million baht
Reason of not being in the group	:	The difference in business model with the company
Measure in protecting conflict of interest	:	<b>Agreement dated 15 June 2011 with the major point as follows:</b> 1. Volrep will not operate business in the same or like that of CHO 2. CHO and Volrep agree and guarantee to each other that; any operation between both contractor under this agreement must complied to law, regulation, notice, including rules and regulations of the SEC and the SET 3. CHO and Volrep agree and accept that each party is unable to utilize human resources and assets of the other party for the benefits of its own
The binding time	:	Start from date of signing agreement until the related contractor agree on the change

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In case of the related transaction between the company or the subsidiary company with the above mentioned related company, including the amendment of contract or agreement, such transaction shall be treated as transaction with the person (s) which may have conflict, and must have the opinion from audit committee and presented to the company board of directors for the consideration. Any director with interest or may have conflict of interest in related transaction, is unable to involve in the consideration of approving the related transaction complied to the regulation of the SET concerning related transaction, and will be disclosed in remark to the financial statements FORM 56-1, and annual report.

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## Report on Responsibilities of the Directors for the Consolidated and Separate Financial Statements

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

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

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



(Ms. Phenphimol Vejvarut)  
Chairman

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## Financial Information

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### Major financial information

#### A) Auditor and summary of Auditor opinion

The auditor has audited financial reports of the company and the subsidiary company for the year 2015-2017 with the summary as follows:

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Audited	: accounting period for year 2015 ending 31 <sup>st</sup> December 2015
Auditor	:Pricewaterhouse Coopers ABAS Limited by Mr. Mr. Sudwin Panyawongkhanti CPA Registration No.3534 the auditor with the permission from the SEC
Auditor's Opinion	:Express the opinion without condition that the consolidated and company financial statement referred to above present fairly, in all material respects, the consolidated and company financial position of Cho Thavee Dollasien Public Co., Ltd. and its subsidiaries and of Cho Thavee Dollasien Public Co., Ltd. as at 31 December 2015, and its consolidated and company results of operations and its cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

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Audited	: accounting period for year 2016 ending 31 <sup>st</sup> December 2016
Auditor	:Pricewaterhouse Coopers ABAS Limited by Mr. Mr. Sudwin Panyawongkhanti CPA Registration No.3534 the auditor with the permission from the SEC
Auditor's Opinion	:Express the opinion without condition that the consolidated and company financial statement referred to above present fairly, in all material respects, the consolidated and company financial position of Cho Thavee Public Co., Ltd. and its subsidiaries and of Cho Thavee Public Co., Ltd. as at 31 December 2016, and its consolidated and company results of operations and its cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

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Audited	: accounting period for year 2017 ending 31 <sup>st</sup> December 2017
Auditor	:Pricewaterhouse Coopers ABAS Limited by Mr. Mr. Sudwin Panyawongkhanti CPA Registration No.3534 the auditor with the permission from the SEC
Auditor's Opinion	:Express the opinion without condition that the consolidated and company financial statement referred to above present fairly, in all material respects, the consolidated and company financial position of Cho Thavee Public Co., Ltd. and its subsidiaries and of Cho Thavee Public Co., Ltd. as at 31 December 2017, and its consolidated and company results of operations and its cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

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(B) Summary of financial statement and Performance (Consolidated) and its subsidiary company  
 Cho Thavee Public Company Limited  
 Statement of Financial Position  
 As at 31 December 2017,2016 and 2015

(Unit : Million Baht)

	financial statements					
	31 December 2017	%	31 December 2016	%	31 December 2015	%
<b>Assets</b>						
<b>Current assets</b>						
Cash and cash equivalents	2.61	0.11	43.86	2.56	49.30	3.04
Trade and other accounts receivable (net)	766.85	32.94	373.64	21.85	469.81	29.01
Current portion of employee receivables under finance lease agreements (net)	0.19	0.01	0.19	0.01	0.19	0.01
Short-term loans to subsidiary	-	-	-	-	-	-
Inventories (net)	360.13	15.47	335.11	19.59	295.49	18.25
Financial instrument assets	0.02	0.00	0.60	0.04	-	-
Value added tax	47.93	2.06	22.04	1.29	20.09	1.24
<b>Total current assets</b>	<b>1,177.73</b>	<b>50.58</b>	<b>775.43</b>	<b>45.34</b>	<b>834.88</b>	<b>51.56</b>
<b>Non-current assets</b>						
Restricted deposit at financial institution	37.00	1.59	37.00	2.16	2.00	0.12
Employee receivables under finance lease agreements (net)	0.34	0.01	0.53	0.03	0.71	0.04
Investments in associates	2.68	0.12	-	-	-	-
Investments in subsidiary	-	-	-	-	-	-
Held-to-maturity investment	-	-	1.00	0.06	1.00	0.06
Investment property	81.58	3.50	81.58	4.77	81.58	5.04
Property, plant and equipment (net)	976.60	41.95	771.20	45.09	663.71	40.99
Intangible assets (net)	33.25	1.43	31.52	1.84	27.45	1.70
Deferred tax asset (net)	7.71	0.33	7.15	0.42	7.31	0.45
Prepaid income tax	10.53	0.45	4.28	0.25	0.45	0.03
Refundable deposits	0.88	0.04	0.68	0.04	0.29	0.02
<b>Total non-current assets</b>	<b>1,150.56</b>	<b>49.42</b>	<b>934.94</b>	<b>54.66</b>	<b>784.50</b>	<b>48.44</b>
<b>Total assets</b>	<b>2,328.28</b>	<b>100.00</b>	<b>1,710.36</b>	<b>100.00</b>	<b>1,619.38</b>	<b>100.00</b>

(B) Summary of financial statement and Performance (Consolidated) and its subsidiary company  
 Cho Thavee Public Company Limited  
 Statement of Financial Position  
 As at 31 December 2017, 2016 and 2015

(Unit : Million Baht)

	financial statements					
	31 December 2017	%	31 December 2016	%	31 December 2015	%
<b>Liabilities and Equity</b>						
<b>Current liabilities</b>						
Trade and other accounts payable	328.18	14.10	280.11	16.38	110.22	6.81
Bank overdrafts and short-term borrowings from financial institutions	966.17	41.50	358.58	20.97	729.56	45.05
<b>Current portions of</b>						
- long-term borrowings from financial institutions	0.92	0.04	0.92	0.05	0.92	0.06
- liability under finance lease agreements (net)	10.64	0.46	10.14	0.59	9.96	0.62
- debenture (net)	299.40	12.86	-	-	-	-
Progress billings in excess of contract work in progress (net)	9.30	0.40	18.77	1.10	-	-
Financial instrument liabilities	-	-	-	-	0.11	0.01
Provision for warranty	5.07	0.22	5.94	0.35	6.76	0.42
Accrued income tax	-	-	1.27	-	3.35	0.21
Other current liabilities	2.62	0.11	2.31	0.14	1.53	0.09
<b>Total current liabilities</b>	<b>1,622.31</b>	<b>69.68</b>	<b>678.03</b>	<b>39.64</b>	<b>862.42</b>	<b>53.26</b>
<b>Non-current liabilities</b>						
Long-term borrowings from financial institutions	0.70	0.03	1.62	0.09	2.54	0.16
Liability under finance lease agreements (net)	20.52	0.88	31.17	1.82	41.30	2.55
Debenture (net)	-	-	298.81	17.47	-	-
Employee benefit obligations	22.46	0.96	19.73	1.15	16.12	1.00
<b>Total non-current liabilities</b>	<b>43.68</b>	<b>1.88</b>	<b>351.33</b>	<b>20.54</b>	<b>59.96</b>	<b>3.70</b>
<b>Total liabilities</b>	<b>1,665.99</b>	<b>71.55</b>	<b>1,029.36</b>	<b>60.18</b>	<b>922.38</b>	<b>56.96</b>
<b>Equity</b>						
<b>Share capital</b>						
Authorised share capital	295.74	12.70	296.97	17.36	270.00	16.67
Issued and paid-up share capital	295.74	12.70	295.74	17.29	206.13	12.73
Share premium	375.90	16.14	375.90	21.98	317.33	19.60
Share premium from share-based payment	29.01	1.25	29.01	1.70	29.01	1.79
Advance received from share subscription	-	-	-	-	44.68	2.76
Discount from increment of investments in subsidiary	(5.63)	(0.24)	(5.63)	(0.33)	(5.63)	(0.35)
<b>Retained earnings (deficit)</b>						
Appropriated - Legal reserve	6.82	0.29	6.82	0.40	6.82	0.42
Unappropriated	(39.55)	(1.70)	(20.84)	(1.22)	98.66	6.09
Equity attributable to owners of the parent	662.29	28.45	681.00	39.82	697.00	43.04
Non-controlling interests	-	-	-	-	-	-
<b>Total equity</b>	<b>662.29</b>	<b>28.45</b>	<b>681.00</b>	<b>39.82</b>	<b>697.00</b>	<b>43.04</b>
<b>Total liabilities and equity</b>	<b>2,328.28</b>	<b>100.00</b>	<b>1,710.36</b>	<b>100.00</b>	<b>1,619.38</b>	<b>100.00</b>

Note : Adjusting in 2016 for comparison with 2017

Cho Thavee Public Company Limited  
Statement of Comprehensive Income  
For the year ended 31 December 2017,2016 and 2015

	financial statements					
	2017		2016		2014	
	Baht	%	Baht	%	Baht	%
(Unit : Million Baht)						
Revenues						
Revenues from contract work	1,390.94	87.71	926.16	87.52	972.73	85.13
Revenues from sales and services	194.96	12.29	132.08	12.48	169.90	14.87
<b>Total Revenues</b>	<b>1,585.90</b>	<b>100.00</b>	<b>1,058.24</b>	<b>100.00</b>	<b>1,142.63</b>	<b>100.00</b>
Cost of contract work	(1,244.85)	(78.49)	(822.18)	(77.69)	(805.09)	(70.46)
Cost of sales and services	(150.01)	(9.46)	(95.32)	(9.01)	(87.34)	(7.64)
<b>Total Cost</b>	<b>(1,394.86)</b>	<b>(87.95)</b>	<b>(917.50)</b>	<b>(86.70)</b>	<b>(892.43)</b>	<b>(78.10)</b>
Gross profit	191.04	12.05	140.74	13.30	250.20	21.90
Other income	9.91	0.62	12.28	1.16	16.34	1.43
Gain on exchange rates	3.71	0.23	9.32	0.88	2.82	0.25
Profit before expense	204.66	12.90	162.34	15.34	269.36	23.57
Selling expenses	(43.49)	(2.74)	(40.77)	(3.85)	(57.88)	(5.07)
Administrative expenses	(130.16)	(8.21)	(175.27)	(16.56)	(137.19)	(12.01)
Net loss on disposal fixed asset	(0.49)	(0.03)	(0.18)	(0.02)	(0.18)	(0.02)
Finance costs	(50.64)	(3.19)	(38.70)	(3.66)	(28.86)	(2.53)
Share of profit from investments in associates	(0.14)	(0.01)	-	-	-	-
Loss before income tax	(20.26)	(1.28)	(92.58)	(8.75)	45.25	3.96
Tax income (Income tax expense)	0.76	0.05	1.29	0.12	(9.51)	(0.83)
Loss for the year	(19.50)	(1.23)	(91.29)	(8.63)	35.74	3.13
Other comprehensive income (expense)						
Items that not reclassified to profit or loss						
• Remeasurements of post-employment benefit obligations	0.9921	0.06	0.0131	0.00	(0.0343)	(0.00)
• Income tax on remeasurements of post-employment benefit obligations	(0.1984)	0.13	(0.0026)	0.00	0.0069	0.00
Other comprehensive income (expense) for the year, net of tax	0.7937	0.05	0.0105	0.00	(0.0274)	(0.00)
Total comprehensive expense for the year	(18.71)	(1.18)	(91.28)	(8.63)	35.71	3.13
Loss attributable to:						
Owners of the parent	(19.50)		(91.29)		35.74	
Non-controlling interests	0.0008		(0.0022)		(0.0002)	
	(19.50)		(91.29)		35.74	
Total comprehensive expense attributable to:						
Owners of the parent	(18.71)		(91.28)		35.71	
Non-controlling interests	0.0008		(0.0022)		(0.0002)	
	(18.71)		(91.28)		35.71	
Losses per share						
Basic losses per share (Baht)	(0.0165)		(0.0875)		0.0404	

Cho Thavee Public Company Limited  
Statement of Cash Flows  
For the year ended 31 December 2017,2016 and 2015

(Unit : Million Baht)	financial statements		
	2017	2016	2015
Cash flows from operating activities			
Profit (loss) before income tax	(20.26)	(92.58)	45.25
Adjustments			
Depreciation expenses	45.43	34.02	27.24
Amortisation charge	5.45	4.91	4.80
Revenue from finance lease agreement	0.14	-	(0.93)
Allowance for doubtful accounts	-	(1.21)	0.91
Allowance for obsolete and slow moving inventories	1.12	(2.86)	(0.87)
Allowance for project loss	-	-	0.33
Provision for warranty	(0.87)	(0.82)	(2.83)
Loss from write-off of property, plant and equipment	0.49	0.18	0.19
Gain from disposal of property, plant and equipment	-	-	(0.01)
Unrealised (gain) loss from financial instrument	(0.02)	(0.60)	0.11
Employee benefit obligations	4.41	3.62	2.59
Interest income	(0.37)	(4.19)	(9.20)
Dividend income	(0.01)	-	-
Interest income from financial lease agreement	(0.02)	(0.02)	(0.00)
Front end fee	-	14.00	-
Finance costs			
- Interest expense for borrowings from finance institutions	48.18	36.02	28.60
- Interest expenses under finance lease agreements	1.86	2.37	0.26
- Amortisation of prepaid under writing fee for debenture	0.59	0.31	-
	86.12	(6.84)	96.42
Changes in operating assets and liabilities			
Trade and other accounts receivable	(393.23)	83.72	(82.42)
Inventories	(30.42)	(38.48)	2.04
Financial instrument	0.60	(0.11)	0.22
Value added tax	(25.89)	(1.94)	(9.54)
Refundable deposits	(0.20)	(0.39)	(0.08)
Trade and other accounts payable	(32.34)	165.57	12.81
Progress billings in excess of contract work in progress	(9.47)	18.77	(18.76)
Other current liabilities	0.31	0.79	(1.53)
Cash received (paid) from operating before			
Interest income received, finance costs paid and			
income tax paid	(404.52)	221.09	(0.83)
Interest income	0.40	3.84	9.20
Cash received from receivables under finance lease			
agreements	0.21	0.21	0.03
Cash paid for employee benefit	(0.69)	-	-
Finance costs paid			
- Interest expense for borrowings from finance institutions	(44.58)	(12.78)	(5.03)
Income tax paid	(7.52)	(4.48)	(25.61)
Net cash from operating activities	(456.70)	207.88	(22.23)

Cho Thavee Public Company Limited  
Statement of Cash Flows  
For the year ended 31 December 2017,2016 and 2015

(Unit : Million Baht)	financial statements		
	2017	2016	2017
Cash flows from investing activities			
Restricted deposit at finance institution	-	(35.00)	1.90
Cash paid for purchase of investment properties	-	-	(81.58)
Cash paid for purchase of fixed assets	(168.23)	(136.38)	(279.63)
Cash received from disposal of fixed assets	-	-	0.03
Cash paid for purchase of intangible assets	(7.18)	(8.97)	(0.30)
Net cash from investing activities	<u>(175.41)</u>	<u>(180.34)</u>	<u>(359.58)</u>
Cash flows from financing activities			
Cash received from held-to-maturity investment	1.00	-	-
Cash paid for purchase of investments in associates	(2.82)	-	-
Short-term borrowings from financial institutions			
- proceeds	7,073.97	6,317.81	6,726.21
- repayments	(6,468.38)	(6,711.30)	(6,327.30)
Cash received from debenture	-	298.50	-
Long-term borrowing from financial institutions			
- repayments	(0.92)	(0.92)	(0.92)
Cash paid for liabilities under finance lease agreements	(12.00)	(12.33)	(1.65)
Cash paid for deferred front end fee	-	-	(14.00)
Cash paid for dividend	-	(5.33)	(48.99)
Cash received from share subscription	-	80.60	74.06
Net cash from financing activities	<u>590.85</u>	<u>(32.97)</u>	<u>407.41</u>
Net decrease in cash and cash equivalents	(41.25)	(5.44)	25.60
Cash and cash equivalents - opening balance	43.86	49.30	23.70
Cash and cash equivalents - closing balance	<u>2.61</u>	<u>43.86</u>	<u>49.30</u>
Non-cash transactions:			
An outstanding payable arising from purchases			
of fixed assets as at 31 December	<u>80.91</u>	<u>2.54</u>	<u>0.62</u>
Retention payable as at 31 December	<u>3.95</u>	<u>3.51</u>	<u>1.84</u>
Dividend payable	<u>-</u>	<u>0.01</u>	<u>0.03</u>
Inventories transfer to fixed assets	<u>4.27</u>	<u>1.73</u>	<u>1.10</u>

(C) Summary Major Financial Ratio

Cho Thavee Public Company Limited

Financial Ratio

		Consolidated		
		financial statements		
		2017	2016	2015
Liquidity ratio :				
Current ratio	Time	0.73	1.14	0.97
Quick ratio	Time	0.47	0.62	0.60
Cash flow liquidity ratio	Time	0.28	0.27	(0.03)
Account receivables turnover ratio	Time	2.07	2.51	2.71
Collection period	Days	174	143	133
Inventory turnover ratio	Time	3.87	2.91	3.01
Average day sales	Days	93	124	120
Account payables turnover ratio	Time	4.25	4.70	8.60
Payment period	Days	85	77	42
Cash cycle	Days	182	191	211
Profitability ratio				
Gross profits	(%)	12.05%	13.30%	21.90%
Operating profits	(%)	-1.22%	-5.09%	5.65%
Other profits	(%)	0.05%	1.98%	1.63%
Cash to earning	(%)	-23.42%	-385.84%	-30.00%
Net profits	(%)	-1.17%	-8.46%	3.08%
Earning per share	(%)	-2.79%	-13.25%	5.36%
Efficiency ratio				
Return on assets	(%)	-0.93%	-5.48%	2.62%
Return on fixed assets	(%)	3.09%	-7.30%	13.22%
Assets cycle	Time	0.79	0.65	0.85
Financial policy ratio				
Debts to equity ratio	Time	2.52	1.51	1.32
Interest coverage ratio <sup>/1</sup>	Time	-8.03	6.40	(0.10)
Cash basis <sup>/1</sup>	Time	1.92	0.97	0.46
Dividend payout ratio	(%)	n.a.	n.a.	79.14%

# Management Discussion and Analysis

## Overall Performance

The company operates the business in designing, creating, manufacturing, combining and installing of engineering system relating to vehicle for commercial. The company also combines World-class technology about rail system, logistics, and defense industry, with professional management such as: catering hi-loaders truck, fire-fighting truck, rescue truck, beverage loading truck, trailer/semi-trailer, OPV project management, project of maintenance services and service center for Linfox's truck, trailer/semi-trailer of Tesco-Lotus. The company also provides One Stop Service Center to general customer for repairing engine/suspension system/body with the first branch opened at Laem Chabang, Chonburi province, and it will be opening 8 service centers within 2020. The company manufactures products as to the customers' order (made to order) by design suitably for the work and budget in private sector and government sector within the country and overseas. The company has one subsidiary company who operates the business in designing, manufacturing, assembling, and installing of light-weighted fiber glass container for loading of fresh and dry cargo. In consideration of the company's operation results during past three years, the company and its subsidiary reported of revenues from 2 business models which were revenues from contract at the portion of 85%-88% of total revenues, and revenues from sales and services at the portion of 12%-15% of total revenues.

In the year 2015-2017, the company and its subsidiary reported total revenues of 1,142.63 million Baht, 1,058.24 million Baht and 1,585.90 million Baht respectively. During 2015-2017, the company reported the comprehensive profits of 35.71 million Baht, (91.28) million Baht, and (18.71) million Baht respectively.

## Operating Performance

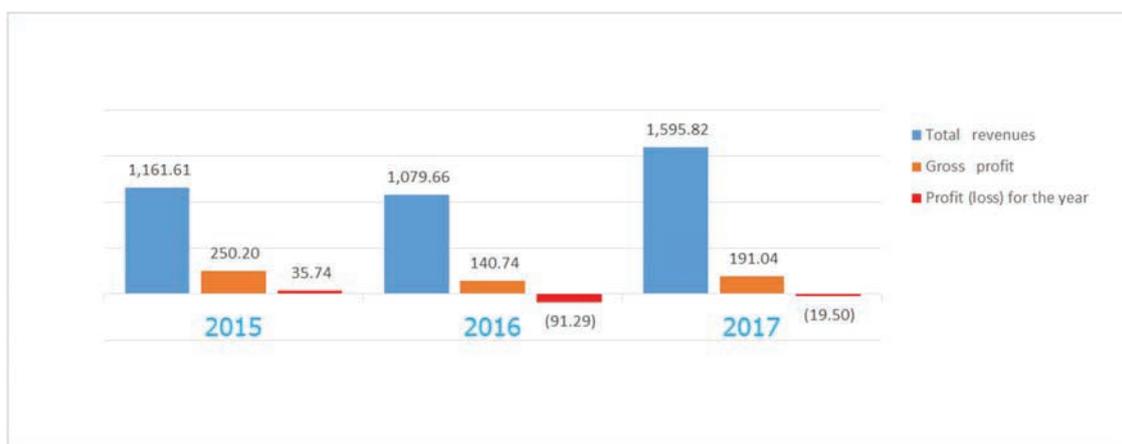
### Revenues

Total revenues of the company and its subsidiary for accounting period of 2015-2017 equal to 1,158.97 million Baht, 1,070.34 million Baht, and 1,595.82 million Baht respectively. The changes as per type of revenues shown as follows:

Type of revenues	2015		2016		2017	
	Million Baht	%	Million Baht	%	Million Baht	%
Revenues from contract	972.73	85.13	926.16	87.52	1,390.94	87.71
Revenues from sales & Services	169.90	14.87	132.08	12.48	194.96	12.29
Total revenues	<b>1,142.63</b>	<b>100</b>	<b>1,058.24</b>	<b>100</b>	<b>1,585.90</b>	<b>100</b>
Other revenues	16.34	1.43	12.10	1.13	9.92	0.62
Grand total revenues	<b>1,158.97</b>		<b>1,070.34</b>		<b>1,595.82</b>	

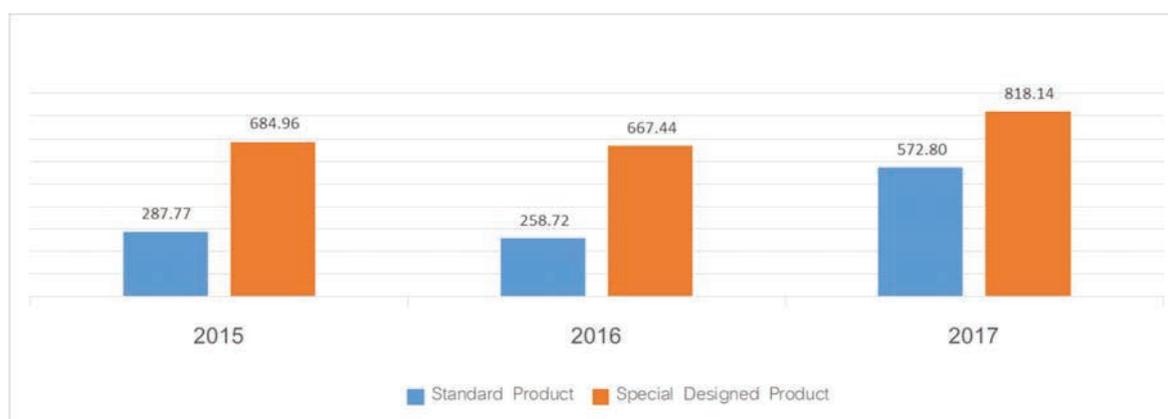
Consolidated Financial Statements Comparisons of 2015, 2016 and 2017

(Unit : Million Baht)



Revenues proportion in each product group in 2015, 2016 and 2017

(Unit : Million Baht)



Revenues sourced by country 2015-2017

Clime	2015		2016		2017	
	Million Baht	%	Million Baht	%	Million Baht	%
Thailand	672.4	58.85%	620.18	58.60%	1,360.91	85.81%
United Arab Emirates	101.68	8.90%	13.51	1.28%	14.60	0.92%
Other	368.56	32.26%	424.55	40.12%	210.39	13.27%
<b>Total revenues</b>	<b>1,142.64</b>	<b>100.00%</b>	<b>1,058.24</b>	<b>100.00%</b>	<b>1,585.90</b>	<b>100.00%</b>

In 2017, the Company and its subsidiary reported the portion of increased in domestic sales resulting from the product of truck head, cargo box production and large bus production as well as increased revenue from services of 24-hour service center started operation in 2017.

For the Special Design Product in the type of Catering Hi-Loaders Truck, Fire Fighting Truck and other type of vehicle which have been exported to overseas continually. There was export to Asia such as Japan, Singapore, Korea, Vietnam, and Hong Kong. There is a market expansion in Asia, however, aviation business slow down cause the sales volume of other regional decreased. For the Project Management, there were increased of contracts for the project management of standard product customer with the logistics group customer. In 2017, the company runs the operation of the first vehicle one stop services center in chonburi province, and another 7 places nationwide will be run within 2020. The increased of service center in the customers area cause increase of revenue. In the quarter1, there was an extra expense for research and development of new products such as Fire Fighting Truck, product for the defense industry. Also The company has changed its management software to be SAP by Design, resulted the loss of 73.28 million Baht in the quarter 1/2017 (reported loss only this quarter). The company reported net profit of 17.31 million Baht for the quarter 2/2017, net profit of 14.69 million Baht for the quarter 3/2017 and net profit of 21.78 million Baht for the quarter 4/2017. In 2017, there was a net deficit of 19.50 million Baht, decreased by 71.78 or 78.64% YOY.

#### Revenues from contract

Revenues from contract are revenues from the requirements and design of the company with definitely price specified in agreement. The company realization of revenues as per Percentage of Completion Method that is; whenever the performance as per contract can be reliably estimated as to the completion of work, the revenues from contract will be realized in the statements of comprehensive income by computing from the percentage of completion at date of reporting. The stage of completion as per contract computed from the portion of the cost of completion until date of reporting with total estimated cost of work as per contract. In case that there was the quite exact feasibility that the total costs of the project exceeding value of revenues as per contract, the company will realize such estimated loss as the expenses in the statement of comprehensive income. The revenues that have been realized before the maturity of collection as per contract will be shown as value of completion work pending for collection from customers in the financial positions.

Revenues from contract comprised of: revenues from the designing of the body and installing of engineering system relating to vehicle for commercial. There are two groups of product which are the group of standard products and the group of special designed product incurred from the designing, manufacturing, and installing of light-weighted fiber glass container of the subsidiary company that will be classified as the group of standard product. The company and its subsidiary reported revenues from contact classified as group of product in 2015-2017 shown as follows:

Type of revenues	2015		2016		2017	
	Million Baht	%	Million Baht	%	Million Baht	%
1) Standard Product	287.77	29.58%	258.72	27.93%	572.80	41.18%
2) Special Designed Product	684.96	70.42%	667.44	72.07%	818.14	58.82%
Revenues from contract	972.73	100.00%	926.16	100.00%	1,390.94	100.00%

In 2015-2017, the company and its subsidiary reported the most ultimate value of contract revenues from special designed product in continuous, with the revenues of 684.96 million Baht, 667.44million Baht and 818.14 million Baht or 70.41%, 72.07% and 58.82% respectively. From 2012 until 2016, catering hi-loaders truck generated revenues ranking the first top in special designed product group. Since the company emphasizes much more on the marketing of catering hi-loaders truck which is the product that company has the expertise, with the improving of diversification models for every airplane model and every size of containing of passenger. The company has developed the technology and production process for more rapidly, and has been accepted by the customers in airline catering business worldwide. The company has also designed and developed catering hi-loaders truck for airbus A380 which is the largest airplane at the present; this requires knowledge in engineering and technology of accuracy engineering. The company is one of the two manufacturers in the world. At the beginning of 2017, even there were financial business decelerations, the company still had orders and delivery with the number closely to the year 2016. There were development of other airport vehicle such as truck for patients, rescue truck and Fire Fighting truck. For the vehicle for army, the company granted new order from 2014 until 2016. The company also emphasizes on the production of manufacturing the catering hi-loaders truck, and large trailer for the domestic business of logistics with the purchase in large quantity and in continuous.

#### Revenues from sales and services

The Company and its subsidiary company realization of revenues from sales in the statement of comprehensive income upon the transferring of risk and return with the substance of being owner of product with significant, to the customer. Revenues from sales comprised of sales of some type of spare parts which imported from abroad for being used in manufacturing as normal. More than 50% were sold to foreign customers who requested for the production of truck from the company especially for catering hi-loaders truck, and the rest of 50% were sold to domestic customers. Revenues from sales also include sales of sample product (prototype) or sales of inventory. In 2015, the Company realized revenues in the amount of 44.21 million Baht from the sales of LED from Jointly-Venture those non-related companies for private sectors to the government agency.

The Company realization of revenues from services upon providing of services, such revenues derived from providing of repairing the product, most of the repairing is for the customers' truck after the warranty period, and for the truck purchased from the company and its subsidiary only. The company normally guarantee for the product in average of 1 year. Since 2012, the company received the contract from Linfox transport (Thailand) Co., Ltd. ("Linfox") and Ekkachai distribution system Co., Ltd. ("Tesco-Lotus") for maintenance management project total more than 1,000 trailers and semi-trailers for 6 Service Centers of Tesco-Lotus at Lamlukka center, Wangnoi center, Samkoke center, Bangbuathong center khonkaen Center and Surat Thani center. The Company foresees the opportunity in increasing revenues from service sector by renting of land for 4 rai at Amphur Wangnoi, Phranakornsriyudhya as the center for maintenance the truck in case of long time of caused by accident, and also provide the maintenance service for other customers and general customers. This enable to the increased of the potential in taking care of the customers at Wangnoi center which is located near Bangkok Metropolitan Region. It also increased the opportunity in providing more maintenance services for Linfox and Tesco-Lotus. Currently, there are many customers would like to do the agreement with the company, and under the negotiation on the condition.

The company expanded its branch to be One Stop Service Center for repairing engine/suspension system/body with the first branch in Chonburi province, and it will be opening 8 service centers within 2020. The target revenue of the second year of operation is at least 100 million Baht per one service center, that will result the income distribution of 3 product groups to be more similar revenue. The income distribution is for risk diversification of doing business in the future. In 2015-2017, revenue from sales and services reported 169.90 million Baht, 132.08 million Baht and 194.96 million Baht respectively.

#### Other revenues

Other revenues comprised of revenues from management, rental revenues, and interest income. In 2015-2017, the Company and its subsidiary reported other revenues for 16.34 million Baht, 12.10 million Baht and 9.92 million Baht (service charge) or 1.41%, 1.13% and 0.62% of total revenues respectively.

#### Costs and Gross Profits

Costs from the contract comprised of: raw material costs, salary and production wages in various sections, outsourcing costs, and manufacturing overhead costs. The company recorded costs from contract in the statement of comprehensive income by referring to percentage of completion based on the reliability of the estimation of performance as per contract at the reporting date. In case of the exact feasibility that the entire contract costs exceeding revenues, the company shall realize the expected loss as expenses in the statement of comprehensive income. In case that the company cannot reliably estimate to the performance as per contract,

the company shall realize costs from contract as expenses in the statement of comprehensive income in the period of incurring of such costs.

Costs from sales and services comprised of: costs of goods sold, salary and wages of related section, and allocation costs from central.

The Company defines policy in determining contract price with margin of not under 15%, and reviews, in each quarter or whenever there is the factor affected significantly to the costs, the estimation of production costs corresponded to actual costs.

For the fiscal year 2015-2017, the Company and its subsidiary reported costs from contract equal to 805.09 million Baht, 822.18 million Baht, and 1,244.85 million Baht or 70.46%, 77.69% and 78.49% of total revenues respectively. The proportion of costs has been increased in 2016 and 2017 because the Company has the increasing of marketing in group of standard product, for the purpose of expanding and increasing markets from last year, in order to reduce the risk from depending only on special group of business and also to help increasing of productions but the margin is less than that of other products.

For the fiscal year 2015-2017, the Company and its subsidiary reported gross profits equal to 250.20 million Baht, 140.74 million Baht, and 191.04 million Baht or 21.90%, 13.30% and 12.05% of total revenues respectively. From the above information, the company's gross profit has decreased standard products according to the restructuring of the company's revenue which focused on expanding its market.

#### Selling and administrative expenses

Selling and administrative expenses comprised of: personnel expenses, expenses from exporting of goods to foreign customers, domestic transportation expenses, and other administrative expenses.

For the fiscal year 2015-2017, the Company and its subsidiary reported selling and administrative expenses equal to 195.07 million Baht, 216.04 million Baht and 173.65 million Baht respectively. The increased of expenses in 2016 was due to the auction of NGV buses project, the expenses including the Bank fees for this project and the legal consultancy fees in order to make a prosecution against the government sector relating to the NGV buses' auction which was canceled and the company has filed a court action claiming for losses and damages. Also the wage adjustments and salary increases in 2016 and 2017.

#### Earnings before interests and taxes

Consideration of (Earnings before interests and tax: EBIT). In 2015-2017, the company and its subsidiary reported profits from operation equal 74.10million Baht, (53.88) million Baht, and 30.38 million Baht or 6.49%, (5.09%), and 1.90% from the total revenues respectively.

#### Financial costs

In 2015-2017, the company and its subsidiary reported financial costs equal to 28.86 million Baht, 38.70 million Baht and 50.64 million Baht respectively. Financial costs incurred from the company and its subsidiary has much of loans obligation with finance institutions for the manufacturing of goods. Since the company's products have high value, and take longer time of 3-6 months in production. Furthermore, the delivery of products is not made in each unit, but to be delivered in some part of purchase order. So, the company has the necessity in utilizing of short-term loans for purchasing of equipment, supplies, and components from abroad. In 2015-2017, the company and its subsidiary reported short-term loans from financial institution for 729.56 million Baht, 358.58 million Baht and 966.17 million Baht respectively. In 2015, the company received an approval from the Board of Directors to invest in the land for its future expansion in the amount of 296.56 million Baht, with 214.99 million Baht recorded in the property and the company's excess demand land. Also, the company is planning to sell an investment property record of 81.58 million Baht.

#### Corporate income tax

In 2015-2017, the Company has paid the corporate income tax for 38.79 million Baht, 9.51 million Baht and (1.29) respectively. In 2017 reported loss before tax of (20.26) million Baht, calculating from tax rate of 20%. The adjustment of non deductible expenses and deductible expenses resulted income of 0.76 million Baht became from IV-TSP-CTV higher tax recording.

#### Net profits and net profits ratio

For the fiscal year 2015-2017, the Company and its subsidiary reported comprehensive income (for the parent company only) equal to 35.71 million Baht, (91.29) million Baht and (19.50) million Baht equal to the company's net profits (loss) ratio (for the parent company only) of 3.08%, (8.46%) and (1.17)% of total revenues respectively. In 2017, the company reported net loss due to there were cost of research and development in changing of a software used for management, resulted net loss of 73.28 million Baht in quarter 1/2017. The company and its subsidiary reported net profit of 17.31 million Baht for the quarter 2/2017, net profit of 14.69 million Baht for the quarter 3/2017 and net profit of 21.78 million Baht for the quarter 4/2017.

#### Rate of return on equity

The Company and its subsidiary reported rate of return on equity in 2015-2017 equal to 5.36%, (13.25)% and (2.79%) respectively. The Company has the equity (only for the parent company) equal to 697.00 million Baht, 681.00 million Baht and 671.65 million Baht respectively. The reason that return on equity was

decreased in 2017 due to the Company and its subsidiary reported net loss of 18.71 million Baht as per the operating performance mentioned.

## 1.2 Financial status of company.

### Assets

As at 31<sup>st</sup> December 2015-2017, the Company and its subsidiary reported total assets equal to 1,619.38 million Baht, 1,710.36 million Baht and 2,328.28 million Baht respectively with the details as follows:

#### ■ Cash and cash equivalent

As at 31<sup>st</sup> December 2015-2017, the Company and its subsidiary reported of cash and cash equivalent equal to 49.30 million Baht, 43.86 million Baht and 2.61 million Baht respectively comprised of petty cash and cash deposited in bank as saving account, current account, and fixed account which were decreased or increased based on cash management at the end of each accounting period. Since December 30, 2015, the Company has increased its bank deposits due to the exercise of the company's warranty CHO-W1 quarterly financial arrangements which will be ended on October 27, 2016. The company has its bank deposit from a pending dept collection in 2016, with normal cash management in 2017.

#### ■ Account receivables and allowance for bad debts

As at 31<sup>st</sup> December 2015-2017, the Company and its subsidiary reported account receivables –net equal to 469.81 million Baht, 373.64 million Baht and 766.85 million Baht respectively. The Company and its subsidiary offers credit terms to the domestic debtors in average of 30-90 days from invoice date, to the overseas debtors in average of 30-180 days from invoice date. The average collection period in 2015-2017 equal to 133 days, 143 days, and 174 days respectively.

The following is the summary of account receivables as per aging as at 31<sup>st</sup> December 2015-2017

(unit : million Baht)

Aging	31 <sup>st</sup> December 2015	31 <sup>st</sup> December 2016	31 <sup>st</sup> December 2017
Current	51.68	102.24	52.49
Not over 3 months	67.94	32.41	245.72
Over 3 months – 6 months	76.07	2.29	25.46
Over 6 months – 12 months	20.54	2.80	5.58
Over 12 months	27.71	4.00	3.67
Total	243.94	143.74	332.92
Less allowance for doubtful account	(4.49)	(3.28)	(3.28)
<b>Account receivables – net</b>	<b>239.45</b>	<b>140.46</b>	<b>329.64</b>

The Company and its subsidiary has estimated the allowance for bad debts from the estimation of uncollectable account receivables and the analysis of historical payment, and the estimation of payment in the future, as the basis in considering for the aging overdue payment. The company will record the allowance for bad debts account in full amount for the account receivables with the overdue more than 12 months, except in the case of the estimation that the company will definitely receive the payment. As at 31<sup>st</sup> December 2015-2017, the allowance for bad debts account equal to 4.49 million Baht, 3.28 million Baht and 3.28 million Baht respectively. At the end of 2015-2017, there were account receivables with the overdue more than 12 months for 27.71 million Baht 4.00 million Baht and 3.67 million Baht respectively. The executive managements perceived that the record of allowance for doubtful account was sufficient.

■ **Inventory**

As at 31<sup>st</sup> December 2015-2017, the Company and its subsidiary reported inventory equal to 295.49 million Baht, 335.11 million Baht and 360.13 million Baht respectively. Most of the inventory comprised of raw material, equipment and components in warehouse or in transit to warehouse, work in process, finished goods, and supplies as well as pledges for the purchase of raw materials needed to be produced and the pledges.

■ **Deposits at financial institutions under pledge**

As at 31<sup>st</sup> December 2015-2017, the Company and its subsidiary reported fix deposits at financial institutions under pledge equal to 2 million Baht, 37.00 million Baht and 37.00 million Baht respectively. There were used as collateral for credit facility from finance institution such as: O/D, bank guarantees.

■ **Property, plant, and equipment**

As at 31<sup>st</sup> December 2015-2017, the Company and its subsidiary reported property, plant, and equipment equal to 663.71 million Baht, 771.20 million Baht and 976.60 million Baht comprised of: property at the location of the company's head office, plant, head office building and the improvement of building, brunch building, office equipment, office supplies, land for building new factory in the future, and vehicles. In 2015, the Company acquired approximately 272 rai of land in ThaPra, Muang KhonKaen for the expansion of its factory in the future with the value of 296.56 million Baht. The property which is the location of factory and head office with total areas of 48-2-16.1 rai recorded in the report of financial positions with the cost value of 28.00 million Baht, the Company has not made the adjusted the value of property as per market value. In 2017, the asset of E-Ticket project, which is in the process to install with the value of 194.03 million Baht, has been recorded.

## Sources of funds

### Liabilities

As at 31<sup>st</sup> December 2015-2017, the Company and its subsidiary reported total liabilities equal to 922.38 million Baht, 1,029.36 million Baht and 1,665.99 million Baht respectively, with the details as follows:

#### ■ **Short-term loans from financial institution**

As at 31<sup>st</sup> December 2015-2017, the Company and its subsidiary reported short-term loans from financial institution equal to 729.56million Baht, 358.58 million Baht and 966.17 million Baht respectively, short-term loans being debt obligations as per credit facility supported by financial institution to the company and its subsidiary for using as working capitals such as: O/D, T/R, P/C, P/N. The company and its subsidiary reported the increased of debts obligation in 2015 from the increased of the utilization credit facility for the purchasing of equipment or components for many projects that the company has received order and L/C from domestic and overseas customers due to the low interest rate. In 2017, the company and its subsidiary have increased liquidity from the E-Ticket project with the back log valued 6,500 million Baht. This caused the increased of liquidity while the project is in operation and waiting for delivery.

#### ■ **Account payables and other payables**

As at 31<sup>st</sup> December 2015-2017, the Company and its subsidiary reported account receivables and other payables equal to 110.22 million Baht, 280.11 million Baht and 328.18million Baht respectively. Most of account payables were trade account payables with the credit terms in average of 60-90days, the average payment period in 2015-2017equal to 42 days, 77 days, and 85 days respectively.

#### ■ **Estimation of employees' benefits liabilities**

Since 1<sup>st</sup> January 2011, the company and its subsidiary has adopted the Thai accounting standard edition 19<sup>th</sup> subject: the employees' benefits, the insurance mathematician has estimated the employees' benefits, and the executive managements has recorded employees' benefits liabilities incurred before 2011 by adjusting the accumulated profits at the beginning of 2011 accounting period.

As at 31<sup>st</sup> December 2015-2017, the company and its subsidiary company recorded the estimation of employees' benefits liabilities equal to 16.12 million Baht, 19.73 million Baht and 22.46 million Baht respectively.

#### ■ **Shareholders' equity**

As at 31<sup>st</sup> December 2015-2017, the Company and its subsidiary reported shareholders' equity equal to 697.00 million Baht, 681.00 million Baht and 662.29million Baht respectively. On 31<sup>st</sup> December 2017, the

company has registered capitals equal to 295.74million Baht and paid up capital equal to 295.74million Baht,discounts from investments in the subsidiary company equal to 5.63 million Baht, legal reserved equal to 6.82 million Baht and the unappropriated retained earnings of 39.55 million Baht. The Board of Directors has approved a capital increase of 164.54 million Baht to be 460.28 million Baht by issuing new ordinary shares with specified objectives for the private placement. The shares will be sold to Macquarie Bank Limited, for not exceeding 185 million shares. There is Capital increase in ordinary share allocating to the existing shareholders and the private placement for not exceeding 354.88 million shares. It was effective in the Extraordinary Meeting no. 1/2018 on 9 January 2018 approval.

#### ■ Structure of funds

As at 31<sup>st</sup> December 2015-2017, the Company and its subsidiary has D/E ratio equal to 1.32 times, 1.51 times and 2.52 times respectively. D/E ratio at the end of 2016 and 2017 increased due to the use of credit facility for implementation of orders as there are many incoming orders. Moreover, there are 2 special projects including the under-implementation project of E-Ticket project valued 1,665 million Baht (Vat included), and Trade and maintenance of 489 units air-conditioned NGV bus with the contract signed in the late 2017.

As a result, debts to equity ratio increased, while shareholders' equity of 2016-2017 has been decreased due to the loss of 681 million Baht and 66.2 million Baht, with share premium of 25.97 million Baht and 58.58 million Baht.

#### ■ Liquidity

Company and its subsidiary		31 <sup>st</sup> December		
		2015	2016	2017
Cash and cash equivalent	Million Baht	49.30	43.86	2.61
Current assets	Million Baht	834.88	755.43	1,177.73
Current liabilities	Million Baht	862.42	678.03	1,622.31
Liquidity ratio (Current assets/current liabilities)	time	0.97	1.14	0.73
Cash flow from operation activity	Million Baht	(22.23)	207.88	(456.70)

Liquidity ratio as at the end of 2015-2017 equals to 0.97 times, 1.14 times and 0.73 times respectively. In 2015-2017, the current assets have been constantly increased while the liabilities have been constantly increased due to the investing in the land properties in 2016. As there was project finance policy and many orders as well as large projects that caused increase of liabilities in 2018.

In 2015-2017, the Company and its subsidiary reported cash flows from operating activity at (22.23) million Baht, 207.88 million Baht and (456.70) million Baht respectively. In 2016, the Company and its subsidiary reported the increment of cash flows from operating activity from a decrease of the amount of receivable account. In 2017, the declined cashflow is due to orders and projects in progress.

■ **Financial ratio regulations**

A bank who granting credit facility to the company and its subsidiary has determined the regulation in maintaining D/E ratio not over than 3 times, and DSCR not less than 1.2 times of consolidated financial statements because the company had the huge amount of accounts payable and advances received from customers at the end of the year which might cause the bank ratio to rise significantly. Thus The Company has informed the financial institution and will define the specific interest-bearing liabilities for the calculating basis instead of total liabilities further. In 2015, 2016 and 2017, the company maintain the proportion as determined.

■ **Capital expenditures**

In 2016-2017, the Company has normal expense on business operation and has no significant capital expenditures. In 2015, the Company received an approval from the Board of Directors for the purchase of land for its factory expansion in the future. And in 2016, the Company has invested in constructing the truck service center at Chonburi named “Sib-lor 24 hours”. The service center constructed and stated operation in 2017. There were investments in equipment and the service center operation as well as the E-Ticket project.

# Financial Statement 2017



**CHO THAVEE PUBLIC COMPANY LIMITED**

**CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS**

**31 DECEMBER 2017**

## Independent Auditor's Report

To the shareholders and the board of directors of Cho Thavee Public Co., Ltd.

### My opinion

In my opinion, the consolidated financial statements of Cho Thavee Public Co., Ltd. (the Company) and its subsidiaries (the Group) and the separate financial statements of the Company present fairly, in all material respects, the consolidated and separate financial position of the Group and of the Company as at 31 December 2017, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with Thai Financial Reporting Standards (TFRSs).

### What I have audited

The consolidated financial statements and the separate financial statements comprise:

- the consolidated and separate statements of financial position as at 31 December 2017;
- the consolidated and separate statements of comprehensive income for the year then ended;
- the consolidated and separate statements of changes in equity for the year then ended;
- the consolidated and separate statements of cash flows for the year then ended; and
- the notes to the consolidated and separate financial statements, which include a summary of significant accounting policies.

### Basis for opinion

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

### Key audit matters

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

Key audit matter	How my audit addressed the key audit matter
<p><b>Revenue recognition on construction contracts</b></p> <p><i>Refer to Note 2.8 Accounting policy Construction contracts and Note 10 Contract work in progress to the consolidated and separate financial statements</i></p> <p>The Group recognised revenues from contract work which represented 87.89% of the Group's total revenues by using the percentage-of-completion method. The revenue from contract work was from manufacturing and assembling of trailers and vehicles.</p> <p>Use of the percentage-of-completion was determined by the proportion that contract costs incurred for work performed to date to the estimated total contract cost ("Cost to Cost Method") which required Group management's judgement to prepare this estimation. It included the assessment of the remaining contingencies that each project was or could be facing until delivery.</p> <p>I focussed on these areas because there was significant judgement and experience from the Groups management involved in estimating the percentage-of-completion. The accuracy of the revenues from contract work was affected by the percentage of completion.</p>	<p>My key procedures in relation to Group management's assessment of revenue recognition on construction contracts included:</p> <ul style="list-style-type: none"> <li>• understanding and evaluating the internal controls the Group management designed and implemented over its process to record of contract costs, contract revenue and the calculation of percentage-of-completion.</li> <li>• performing test counts to sample outstanding projects to ensure that those were existent and under construction.</li> <li>• performing a test of details by as vouching the supporting documents to costs incurred and testing cut-off on costs incurred to assess the status of the project.</li> <li>• assessing the reasonableness of the estimated total contract cost of outstanding projects at year end by comparing to the similar projects completed in the past on a sample basis and investigating the significant difference occurred.</li> <li>• assessing the appropriateness of the estimated total contract cost of outstanding projects at year end by checking the reconciliation between contract cost incurred and cost to complete on a sample basis.</li> <li>• comparing the percentage of completion determined by between <ul style="list-style-type: none"> <li>• Cost to Cost Method, to</li> <li>• the percentage of completion from production department determined by survey of work performed ("Engineering Estimate Method")</li> </ul> to assess the appropriateness of Cost to Cost Method which was used in revenue recognition.</li> <li>• examining supporting documents for the projects that were completed subsequently to ensure the accuracy of estimated total cost incurred used in calculation the percentage of completion, and</li> </ul>

Key audit matter	How my audit addressed the key audit matter
	<ul style="list-style-type: none"> <li>discussing the status of legal proceedings with Group management and obtaining the lawyer confirmation letter in respect of construction contracts, examining various claims among the Group, subcontractors and customers and considering whether the evidence obtained were in line with Group management's assessment.</li> </ul> <p>Based on my procedures performed above, I viewed that Group management's assessment of revenue recognition on construction contracts was reasonable. I found no material exception.</p>
<p><b><i>Accuracy of capital expenditures of Construction in progress for E-ticket project "The Project"</i></b></p> <p>Refer to Note 2.11 Accounting policy - Property, plant and equipment and Note 19 Property, plant and equipment to the consolidated and separate financial statements.</p> <p>As at 31 December 2017, construction in progress for The Project, which was total capital expenditures of Baht 194 million, represented 82% of total Construction in progress of Baht 235 million and represented 12% of total assets of Baht 2,257 million in separate financial statements.</p> <p>The Group applied the judgement based on the past experience and the substance of the contract to categorise transactions under The Project to recognise as operating expenditures or record as capital expenditures. The numerous expenditure transactions were varied with the nature of occurrence and required the prudential supervision on the term and condition aligned with contract. The misappropriation of Group management's consideration significantly affected to the correctness of financial information.</p> <p>I focussed on this area because expenditure transactions, requirement and specification of the contract were varied which required significant judgement from Group management.</p>	<p>My key procedures in relation to accuracy of capital expenditures of The Project included:</p> <ul style="list-style-type: none"> <li>assessing whether the Group's accounting policies in relation to the capitalisation of expenditure complied with Thai Financial Reporting Standards.</li> <li>obtaining the summary report of all expenditures under the project and verifying that all expenditures in that report was relevant to the project by comparing to term of reference.</li> <li>checking the appropriateness of expenditures allocation between operating expenditures and capital expenditures identified by the Group management and assessing whether the allocation complied with the Group's accounting policies, and</li> <li>testing the accuracy of capital expenditures occurred during the year by examining the supporting documents on a sample basis such as contracts, invoices, and original receipts.</li> </ul> <p>Based on my procedures performed above, I viewed that Group management's assessment and execution of capital expenditure were reasonable. I found no material exception.</p>

## **Other information**

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

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

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

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

## **Responsibilities of the directors for the consolidated and separate financial statements**

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group and the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group and the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

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

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

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

PricewaterhouseCoopers ABAS Ltd.

**Sudwin Panyawongkhanti**  
 Certified Public Accountant (Thailand) No. 3534  
 Bangkok  
 23 February 2018

**Cho Thavee Public Co., Ltd.**  
**Statement of Financial Position**  
**As at 31 December 2017**

	Notes	Consolidated financial statements		Separate financial statements	
		31 December 2017 Baht	31 December 2016 Baht	31 December 2017 Baht	31 December 2016 Baht
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents	7	2,611,063	43,860,023	2,378,646	43,067,773
Trade and other accounts receivable (net)	8	766,845,131	373,641,346	695,334,801	373,806,952
Current portion of employee receivables under finance lease agreements (net)	9	185,595	185,595	185,595	185,595
Short-term loans to subsidiary	38 c)	-	-	87,922,357	70,924,297
Inventories (net)	11	360,133,541	335,106,837	319,355,327	298,164,435
Financial instrument assets	39 a)	23,764	599,019	15,301	599,019
Value added tax	12	47,926,711	22,035,376	47,879,080	22,125,267
<b>Total current assets</b>		<b>1,177,725,805</b>	<b>775,428,196</b>	<b>1,153,071,107</b>	<b>808,873,338</b>
<b>Non-current assets</b>					
Restricted deposit at financial institution	13	37,000,000	37,000,000	34,000,000	34,000,000
Employee receivables under finance lease agreements (net)	9	340,257	525,852	340,257	525,852
Investments in associates	14	2,675,660	-	2,817,500	-
Investments in subsidiary	15	-	-	22,599,950	22,599,950
Held-to-maturity investment	17	-	1,000,000	-	1,000,000
Investment property	18	81,577,261	81,577,261	81,577,261	81,577,261
Property, plant and equipment (net)	19	976,595,405	771,195,483	912,051,288	701,848,484
Intangible assets (net)	20	33,245,283	31,515,740	33,171,245	31,408,680
Deferred tax asset (net)	21	7,713,243	7,154,932	6,590,590	6,412,988
Prepaid income tax		10,528,792	4,280,699	10,445,350	4,212,586
Refundable deposits		880,232	685,732	880,232	685,732
<b>Total non-current assets</b>		<b>1,150,556,133</b>	<b>934,935,699</b>	<b>1,104,473,673</b>	<b>884,271,533</b>
<b>Total assets</b>		<b>2,328,281,938</b>	<b>1,710,363,895</b>	<b>2,257,544,780</b>	<b>1,693,144,871</b>

Director \_\_\_\_\_ Director \_\_\_\_\_

The accompanying notes on pages 14 to 73 are an integral part of the financial statements.

**Cho Thavee Public Co., Ltd.**  
**Statement of Financial Position (Cont'd)**  
**As at 31 December 2017**

	Notes	Consolidated financial statements		Separate financial statements	
		31 December 2017 Baht	31 December 2016 Baht	31 December 2017 Baht	31 December 2016 Baht
<b>Liabilities and Equity</b>					
<b>Current liabilities</b>					
Trade and other accounts payable	22	328,177,052	280,107,113	314,483,958	276,427,902
Bank overdrafts and short-term borrowings from financial institutions	23	966,165,265	358,575,194	928,475,408	355,255,024
Current portions of					
- long-term borrowings from financial institutions	24	924,000	924,000	-	-
- liability under finance lease agreements (net)	25	10,643,617	10,138,522	10,643,617	10,138,522
- debenture (net)	27	299,403,916	-	299,403,916	-
Progress billings in excess of contract work in progress (net)	10 b)	9,301,297	18,767,397	9,301,297	18,767,397
Provision for warranty		5,073,914	5,941,588	3,595,677	5,701,707
Accrued income tax		-	1,266,918	-	1,266,918
Other current liabilities	26	2,621,620	2,312,152	2,115,613	2,207,356
<b>Total current liabilities</b>		<b>1,622,310,681</b>	<b>678,032,884</b>	<b>1,568,019,486</b>	<b>669,764,826</b>
<b>Non-current liabilities</b>					
Long-term borrowings from financial institutions	24	694,879	1,618,879	-	-
Liability under finance lease agreements (net)	25	20,522,023	31,165,640	20,522,023	31,165,640
Debenture (net)	27	-	298,810,868	-	298,810,868
Employee benefit obligations	28	22,457,833	19,731,746	21,353,716	19,036,083
<b>Total non-current liabilities</b>		<b>43,674,735</b>	<b>351,327,133</b>	<b>41,875,739</b>	<b>349,012,591</b>
<b>Total liabilities</b>		<b>1,665,985,416</b>	<b>1,029,360,017</b>	<b>1,609,895,225</b>	<b>1,018,777,417</b>

The accompanying notes on pages 14 to 73 are an integral part of the financial statements.

**Cho Thavee Public Co., Ltd.**  
**Statement of Financial Position (Cont'd)**  
**As at 31 December 2017**

	Notes	Consolidated financial statements		Separate financial statements	
		31 December 2017 Baht	31 December 2016 Baht	31 December 2017 Baht	31 December 2016 Baht
<b>Liabilities and Equity (Cont'd)</b>					
<b>Equity</b>					
Share capital	29				
Authorised share capital					
1,182,941,773 ordinary shares of Baht 0.25 each		<u>295,735,443</u>		<u>295,735,443</u>	
1,187,889,978 ordinary shares of Baht 0.25 each			<u>296,972,495</u>		<u>296,972,495</u>
Issued and paid-up share capital					
1,182,941,773 ordinary shares of Baht 0.25 each		295,735,443	295,735,443	295,735,443	295,735,443
Share premium	29	375,903,848	375,903,848	375,903,848	375,903,848
Share premium from share-based payment	40	29,013,488	29,013,488	27,067,992	27,067,992
Discount from increment of investments in subsidiary		(5,633,115)	(5,633,115)	-	-
Retained earnings (deficit)					
Appropriated - Legal reserve	31	6,820,000	6,820,000	6,820,000	6,820,000
Unappropriated		(39,546,706)	(20,838,590)	(57,877,728)	(31,159,829)
<b>Equity attributable to owners of the parent</b>		<u>662,292,958</u>	<u>681,001,074</u>	<u>647,649,555</u>	<u>674,367,454</u>
Non-controlling interests	32	<u>3,564</u>	<u>2,804</u>	<u>-</u>	<u>-</u>
<b>Total equity</b>		<u>662,296,522</u>	<u>681,003,878</u>	<u>647,649,555</u>	<u>674,367,454</u>
<b>Total liabilities and equity</b>		<u>2,328,281,938</u>	<u>1,710,363,895</u>	<u>2,257,544,780</u>	<u>1,693,144,871</u>

The accompanying notes on pages 14 to 73 are an integral part of the financial statements.

Cho Thavee Public Co., Ltd.  
**Statement of Comprehensive Income**  
**For the year ended 31 December 2017**

	Notes	Consolidated financial statements		Separate financial statements	
		2017 Baht	2016 Baht	2017 Baht	2016 Baht
<b>Revenues</b>					
Revenues from contract work		1,390,940,104	926,160,095	1,060,873,813	915,477,124
Revenues from sales and services		194,964,372	132,077,628	429,450,537	134,972,499
Cost of contract work		(1,244,849,907)	(822,180,359)	(955,963,418)	(814,787,062)
Cost of sales and services		(150,011,128)	(95,320,825)	(371,871,794)	(97,953,795)
<b>Gross profit</b>		<b>191,043,441</b>	<b>140,736,539</b>	<b>162,489,138</b>	<b>137,708,766</b>
Other income	33	9,912,022	12,281,881	22,450,074	20,541,934
Gain on exchange rates		3,709,103	9,321,290	3,583,826	9,268,064
<b>Profit before expense</b>		<b>204,664,566</b>	<b>162,339,710</b>	<b>188,523,038</b>	<b>167,518,764</b>
Selling expenses		(43,490,255)	(40,769,744)	(38,711,520)	(37,544,052)
Administrative expenses		(130,164,066)	(175,268,191)	(127,631,737)	(162,593,390)
Net loss on disposal fixed asset		(491,012)	(179,855)	(491,012)	(179,855)
Finance costs	34	(50,635,168)	(38,700,742)	(49,770,952)	(38,119,806)
Share of profit from investments in associates		(141,840)	-	-	-
<b>Loss before income tax</b>		<b>(20,257,775)</b>	<b>(92,578,822)</b>	<b>(28,082,183)</b>	<b>(70,918,339)</b>
Tax income (Income tax expense)	36	756,732	1,290,600	414,938	1,517,316
<b>Loss for the year</b>		<b>(19,501,043)</b>	<b>(91,288,222)</b>	<b>(27,667,245)</b>	<b>(69,401,023)</b>
<b>Other comprehensive income (expense)</b>					
Items that not reclassified to profit or loss					
• Remeasurements of post-employment benefit obligations		992,108	13,124	1,186,682	(736,240)
• Income tax on remeasurements of post-employment benefit obligations		(198,421)	(2,625)	(237,336)	147,248
<b>Other comprehensive income (expense) for the year, net of tax</b>		<b>793,687</b>	<b>10,499</b>	<b>949,346</b>	<b>(588,992)</b>
<b>Total comprehensive expense for the year</b>		<b>(18,707,356)</b>	<b>(91,277,723)</b>	<b>(26,717,899)</b>	<b>(69,990,015)</b>
<b>Loss attributable to:</b>					
Owners of the parent		(19,501,818)	(91,285,991)	(27,667,245)	(69,401,023)
Non-controlling interests		775	(2,231)	-	-
		<b>(19,501,043)</b>	<b>(91,288,222)</b>	<b>(27,667,245)</b>	<b>(69,401,023)</b>
<b>Total comprehensive expense attributable to:</b>					
Owners of the parent		(18,708,116)	(91,275,553)	(26,717,899)	(69,990,015)
Non-controlling interests		760	(2,170)	-	-
		<b>(18,707,356)</b>	<b>(91,277,723)</b>	<b>(26,717,899)</b>	<b>(69,990,015)</b>
<b>Losses per share</b>					
Basic losses per share (Baht)	37	(0.0165)	(0.0875)	(0.0234)	(0.0666)

The accompanying notes on pages 14 to 73 are an integral part of the financial statements.

Consolidated financial statements (Baht)											
Attributable to owners of the parent											
	Notes	Authorised, issued and fully paid-up	Share premium	Share premium from share-based payment	Advance received from share subscription	Retained earnings		Discount from increment of investments in subsidiary	Total owners of the parent	Non- controlling interests	Total equity
		share capital	premium	payment	subscription	Appropriated - legal reserve	Unappropriated				
<b>Opening balance as at 1 January 2016</b>		206,127,675	317,327,131	29,013,488	44,677,801	6,820,000	98,663,085	(5,633,115)	696,996,065	4,974	697,001,039
<b>Changes in equity for the year 2016</b>											
Advance received from											
share subscription cant, agree		-	-	-	80,595,878	-	-	-	80,595,878	-	80,595,878
Warrant exercised	29	66,696,962	58,576,717	-	(125,273,679)	-	-	-	-	-	-
Loss from remeasurements of											
post-employee benefit obligations		-	-	-	-	-	10,438	-	10,438	61	10,499
Total loss for the year		-	-	-	-	-	(91,285,991)	-	(91,285,991)	(2,231)	(91,288,222)
Dividend payment	30	22,910,806	-	-	-	-	(28,226,122)	-	(5,315,316)	-	(5,315,316)
<b>Closing balance as at 31 December 2016</b>		<u>295,735,443</u>	<u>375,903,848</u>	<u>29,013,488</u>	<u>-</u>	<u>6,820,000</u>	<u>(20,838,590)</u>	<u>(5,633,115)</u>	<u>681,001,074</u>	<u>2,804</u>	<u>681,003,878</u>
<b>Opening balance as at 1 January 2017</b>		295,735,443	375,903,848	29,013,488	-	6,820,000	(20,838,590)	(5,633,115)	681,001,074	2,804	681,003,878
<b>Changes in equity for the year 2017</b>											
Gain from remeasurements of											
post-employee benefit obligations		-	-	-	-	-	793,702	-	793,702	(15)	793,687
Total loss for the year		-	-	-	-	-	(19,501,818)	-	(19,501,818)	775	(19,501,043)
<b>Closing balance as at 31 December 2017</b>		<u>295,735,443</u>	<u>375,903,848</u>	<u>29,013,488</u>	<u>-</u>	<u>6,820,000</u>	<u>(39,546,706)</u>	<u>(5,633,115)</u>	<u>662,292,958</u>	<u>3,564</u>	<u>662,296,522</u>

The accompanying notes on pages 14 to 73 are an integral part of the financial statements.

Cho Thavee Public Co., Ltd.  
**Statements of Changes in Equity (Cont'd)**  
**For the year ended 31 December 2017**

Separate financial statements (Baht)							
Notes	Authorised, issued and fully paid-up share capital	Share premium	Share premium from share-based premium	Advance received from share subscription	Retained earnings		Total equity
					Appropriated - legal reserve	Unappropriated	
<b>Opening balance as at 1 January 2016</b>	206,127,675	317,327,131	27,067,992	44,677,801	6,820,000	67,056,308	669,076,907
<b>Changes in equity for the year 2016</b>							
Advance received from share subscription	-	-	-	80,595,878	-	-	80,595,878
Warrant exercised	29 66,696,962	58,576,717	-	(125,273,679)	-	-	-
Loss from remeasurements of post-employee benefit obligations	-	-	-	-	-	(588,992)	(588,992)
Total loss for the year	-	-	-	-	-	(69,401,023)	(69,401,023)
Dividend payment	30 22,910,806	-	-	-	-	(28,226,122)	(5,315,316)
<b>Closing balance as at 31 December 2016</b>	<u>295,735,443</u>	<u>375,903,848</u>	<u>27,067,992</u>	<u>-</u>	<u>6,820,000</u>	<u>(31,159,829)</u>	<u>674,367,454</u>
<b>Opening balance as at 1 January 2017</b>	295,735,443	375,903,848	27,067,992	-	6,820,000	(31,159,829)	674,367,454
<b>Changes in equity for the year 2017</b>							
Gain from remeasurements of post-employee benefit obligations	-	-	-	-	-	949,346	949,346
Total loss for the year	-	-	-	-	-	(27,667,245)	(27,667,245)
<b>Closing balance as at 31 December 2017</b>	<u>295,735,443</u>	<u>375,903,848</u>	<u>27,067,992</u>	<u>-</u>	<u>6,820,000</u>	<u>(57,877,728)</u>	<u>647,649,555</u>

The accompanying notes on pages 14 to 73 are an integral part of the financial statements.

**Cho Thavee Public Co., Ltd.**  
**Statement of Cash Flows**  
**For the year ended 31 December 2017**

	Notes	Consolidated financial statements		Separate financial statements	
		2017 Baht	2016 Baht	2017 Baht	2016 Baht
<b>Cash flows from operating activities</b>					
Profit (loss) before income tax		(20,257,775)	(92,578,822)	(28,082,183)	(70,918,339)
Adjustments					
Depreciation expenses	19	45,425,408	34,023,632	39,148,768	27,455,333
Amortisation charge	20	5,453,535	4,906,008	5,420,513	4,657,132
Revenue from finance lease agreement		141,840	-	-	-
Allowance for doubtful accounts	8	-	(1,207,139)	-	(1,007,139)
Allowance for obsolete and slow moving inventories	11	1,120,693	(2,860,042)	246,550	(3,108,072)
Allowance for project loss		-	-	-	-
Provision for warranty		(867,674)	(817,654)	(2,106,030)	(817,654)
Loss from write-off of property, plant and equipment		491,012	179,855	491,012	179,855
Gain from disposal of property, plant and equipment		-	-	-	-
Unrealised (gain) loss from financial instrument		(23,764)	(599,019)	(15,301)	(599,019)
Employee benefit obligations	28	4,405,778	3,622,740	4,191,898	3,444,227
Interest income	33	(371,898)	(4,185,131)	(5,774,285)	(8,700,504)
Dividend income		(9,421)	-	(9,421)	-
Interest income from financial lease agreement	33	(22,785)	(22,785)	(22,785)	(22,785)
Front end fee		-	14,000,000	-	14,000,000
Finance costs					
- Interest expense for borrowings from finance institutions	34	48,183,601	36,022,821	47,319,385	35,444,032
- Interest expenses under finance lease agreements	34	1,858,519	2,367,053	1,858,519	2,364,906
- Amortisation of prepaid under writing fee for debenture	34	593,048	310,868	593,048	310,868
		86,120,117	(6,837,615)	63,259,688	2,682,841
Changes in operating assets and liabilities					
Trade and other accounts receivable		(393,230,931)	83,721,434	(320,336,777)	80,949,074
Inventories		(30,418,207)	(38,477,635)	(25,708,252)	(42,787,452)
Financial instrument		599,019	(106,367)	599,019	(106,367)
Value added tax		(25,891,335)	(1,944,700)	(25,753,813)	(2,492,866)
Refundable deposits		(194,500)	(391,929)	(194,500)	(391,929)
Trade and other accounts payable		(32,343,613)	165,573,435	(42,224,152)	168,368,770
Progress billings in excess of contract work in progress		(9,466,100)	18,767,397	(9,466,100)	18,767,397
Other current liabilities		309,468	785,882	(91,743)	790,581
Cash received (paid) from operating before					
Interest income received, finance costs paid and income tax paid		(404,516,082)	221,089,902	(359,916,630)	225,780,049
Interest income		399,044	3,840,486	4,583,213	8,704,248
Cash received from receivables under finance lease agreements		208,380	208,380	208,380	208,380
Cash paid for employee benefit	28	(687,583)	-	(687,583)	-
Finance costs paid					
- Interest expense for borrowings from finance institutions		(44,575,799)	(12,776,484)	(43,711,583)	(13,711,927)
Income tax paid		(7,515,011)	(4,478,343)	(7,499,682)	(4,861,130)
Net cash from operating activities		(456,687,051)	207,883,941	(407,023,885)	216,119,620

The accompanying notes on pages 14 to 73 are an integral part of the financial statements.

**Cho Thavee Public Co., Ltd.**  
**Statement of Cash Flows (Cont'd)**  
**For the year ended 31 December 2017**

	Notes	Consolidated financial statements		Separate financial statements	
		2017 Baht	2016 Baht	2017 Baht	2016 Baht
<b>Cash flows from investing activities</b>					
Restricted deposit at finance institution		-	(35,000,000)	-	(34,000,000)
Short-term loans to related companies					
- proceeds	38 c)	-	-	72,701,940	12,639,465
- payments	38 c)	-	-	(89,700,000)	(24,963,762)
Cash paid for purchase of fixed assets		(168,233,015)	(136,377,328)	(166,892,601)	(134,345,222)
Cash received from disposal of fixed assets		-	-	-	-
Cash paid for purchase of intangible assets	20	(7,183,078)	(8,966,785)	(7,183,078)	(8,966,785)
Net cash from investing activities		(175,416,093)	(180,344,113)	(191,073,739)	(189,636,304)
<b>Cash flows from financing activities</b>					
Cash received from held-to-maturity investment		1,000,000	-	1,000,000	-
Cash paid for purchase of investments in associates		(2,817,500)	-	(2,817,500)	-
Short-term borrowings from financial institutions					
- proceeds	23	7,073,970,743	6,317,812,891	6,537,359,011	6,228,586,342
- repayments	23	(6,468,378,018)	(6,711,302,985)	(5,966,135,973)	(6,622,147,101)
Cash received from debenture		-	298,500,000	-	298,500,000
Long-term borrowing from financial institutions					
- repayments	24	(924,000)	(917,168)	-	-
Cash paid for liabilities under finance lease agreements		(11,997,041)	(12,332,048)	(11,997,041)	(12,116,602)
Cash paid for dividend		-	(5,332,822)	-	(5,332,822)
Cash received from share subscription	29.3	-	80,595,878	-	80,595,878
Net cash from financing activities		590,854,184	(32,976,254)	557,408,497	(31,914,305)
<b>Net decrease in cash and cash equivalents</b>					
Cash and cash equivalents - opening balance		43,860,023	49,296,449	43,067,773	48,498,762
Cash and cash equivalents - closing balance		2,611,063	43,860,023	2,378,646	43,067,773
<b>Non-cash transactions:</b>					
An outstanding payable arising from purchases of fixed assets as at 31 December		80,909,788	2,540,748	80,740,021	2,504,325
Retention payable as at 31 December		3,952,529	3,509,052	3,952,529	3,509,052
Dividend payable		-	9,421	-	9,421
Inventories transfer to fixed assets		4,270,810	1,725,315	4,270,810	1,725,315

The accompanying notes on pages 14 to 73 are an integral part of the financial statements.

## **1 General information**

Cho Thavee Public Company Limited, (“the Company”), is incorporated in Thailand on 18 November 1994. The Company registered the legal transformation of juristic person from being limited company to limited public company with the Ministry of Commerce on 2 January 2013.

The Company was listed on the Stock Exchange of Thailand in the Market for Alternative Investment (MAI) on 13 May 2013.

The registered offices are as follows:

Head office : 265 Moo 4, Klang Muang Road, Tambol Muang Khao, Amphur Muang, Khon Kaen  
Branch 1 : 96/25 Moo 3, Vibhavadi Rangsit Road, Talat Bang Khen, Laksi, Bangkok  
Branch 2 : 66/5 Moo 2, Tambol Pong, Amphur Bang Lamung, Chonburi  
Branch 3 : 62 Moo 2, Tambol Lam Sai, Amphur Wang Noi, Phra Nakhon Si Ayutthaya  
Branch 4 : 37/30 Moo 1, Tambol Nongkham, Amphur Sriracha, chonburi

The principal business operations of the Company and subsidiary are engaged in manufacturing, selling and providing service of trailer assembly, vehicles and special equipments.

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

These consolidated and separate financial statements have been approved by the Board of Directors on 23 February 2018.

## **2 Accounting policies**

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

### **2.1 Basis of preparation**

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

The consolidated and separate financial statements have been prepared under the historical cost convention except disclosed be other in accounting policies.

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

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

### **2.2 Revised financial reporting standards**

2.2.1 Revised financial reporting standards are effective on 1 January 2017 which are relevant to the Group are as follows:

TAS 27 (revised 2016)	Separate financial statements
TAS 28 (revised 2016)	Investments in associates and joint ventures
TAS 38 (revised 2016)	Intangible assets
TFRS 11 (revised 2016)	Joint arrangements

TAS 27 (revised 2016), the amendments allow an entity a policy choice to account for investments in subsidiaries, joint ventures and associates in its separate financial statements using the equity method as described in TAS 28 (revise 2016) in addition to measurement at cost or at fair value (when announced). The election can be made independently for each category of investment (subsidiaries, joint ventures and associates). Entities wishing to change to the equity method must do so retrospectively.

## 2 Accounting policies (Cont'd)

### 2.2 Revised financial reporting standards (Cont'd)

2.2.1 Revised financial reporting standards are effective on 1 January 2017 which are relevant to the Group are as follows: (Cont'd)

TAS 28 (revised 2016), the significant change is the amendments allow an entity which is not an investment entity, but has an interest in an associate or joint venture which is an investment entity, a policy choice when applying the equity method of accounting. The entity may choose to retain the fair value measurement applied by the investment entity associate or joint venture, or to unwind the fair value measurement and perform a consolidation at the level of the investment entity associate or joint venture.

TAS 38 (revised 2016), the amendments include a rebuttable presumption that the amortisation of intangible assets based on revenue is inappropriate. This presumption can be overcome if either the intangible asset is expressed as a measure of revenue (i.e. where a measure of revenue is the limiting factor on the value that can be derived from the asset), or it can be shown that revenue and the consumption of economic benefits generated by the asset are highly correlated.

TFRS 11 (revised 2016), the amendments clarify that 1) the accounting for the acquisition of an interest in a joint operation where the activities of the operation constitute a business. They require an investor to apply the principles of business combination accounting and 2) existing interests in the joint operation are not remeasured on acquisition of an additional interest, provided joint control is maintained.

The Group's management assessed and considered that the above revised standards will not have a material impact on the Group.

2.2.2 Revised financial reporting standards are effective for annual periods beginning on or after 1 January 2018 which have significant changes. The Group has not yet adopted these revised standards.

TAS 7 (revised 2017)	Statement of cash Flows
TAS 12 (revised 2017)	Income taxes
TFRS 12 (revised 2017)	Disclosure of interests in other entities

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

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

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

TFRS 12 (revised 2017), the amendments clarify that the disclosure requirements of TFRS 12 apply to interests in entities that are classified as held for sale in the scope of TFRS 5 (revised 2017), except for the summarised financial information.

The Group's management assessed and considered that the above revised standards will not have a material impact on the Group except for disclosure.

## 2 Accounting policies (Cont'd)

### 2.3 Group Accounting - Investments in subsidiaries and associates and in joint arrangements

#### a) Subsidiaries

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

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

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

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

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

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

A list of the Group's subsidiaries is set out in Note 15.

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

2 Accounting policies (Cont'd)

2.3 Group Accounting - Investments in subsidiaries and associates and in joint arrangements (Cont'd)

b) Transactions with non-controlling interests

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

c) Disposal of subsidiaries

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

d) Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting in consolidated statements.

A list of the Group's associates is set out in Note 14.

e) Joint arrangements

Investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations each investor, rather than the legal structure of the joint arrangements.

Joint operations

A joint operation is a joint arrangement whereby the Group has right to the assets, and obligation for the liabilities relating to the arrangement. The Group recognises its direct right to the assets, liabilities, revenues and expenses of joint operations and its share of any jointly held or incurred assets, liabilities, revenues and expenses. These have been incorporated in the financial statements under the appropriate headings.

Joint venture

A joint venture is a joint arrangement whereby to Group has rights to the net assets of the arrangement. Interests in joint ventures are accounted for using the equity method.

The Group has assessed the nature of its joint arrangements and determined them to be joint operations.

**2 Accounting policies (Cont'd)**

**2.3 Group Accounting - Investments in subsidiaries and associates and in joint arrangements (Cont'd)**

**f) Accounting under equity method**

Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investment in associates includes goodwill identified on acquisition.

If the ownership interest in associates is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate. Profit or loss from reduce of the ownership interest in associates and in joint ventures is recognised in profit or loss

The Group's share of its associates' post-acquisition profits or losses is recognised in the profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in associates equals or exceeds its interest in the associates, together with any long-term interests that, in substance, form part of the entity's net investment in the associates, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associates.

The Group determines at each reporting date whether there is any objective evidence that the investments in the associates are impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the investments and its carrying value and recognises the amount adjacent to share of profit (loss) of associates in profit or loss.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

**g) Separate financial statement**

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

## 2 Accounting policies (Cont'd)

### 2.4 Foreign currency translation

(a) Functional and presentation currency

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

(b) Transactions and balances

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

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

### 2.5 Cash and cash equivalents

Cash comprises cash on hand, deposit held at call with banks but exclude deposits with banks that are held to maturity, certificates of deposit issued by commercial banks and financial institutions, and restricted deposits. Cash equivalents comprise short-term highly liquid investments with maturities of three months or less from the date of acquisition.

In the consolidated and separate statements of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less.

In the consolidated and separate statements of financial position, bank overdrafts are shown within borrowings in current liabilities.

### 2.6 Trade accounts receivable

Trade accounts receivable are recognised initially at original invoice amount and subsequently measured at the remaining amount less any allowance for doubtful receivables based on a review of all outstanding amounts at the year-end. The amount of the allowance is the differences between the carrying amount of receivable and the amount expected to be collected. Bad debts are recognised in the profit or loss within administrative expenses.

### 2.7 Inventories

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

## **2 Accounting policies (Cont'd)**

### **2.8 Construction contracts**

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

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

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

The Group determined the stage of completion of a contract by using the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs. Costs incurred in the year in connection with future activity on a contract are excluded from contract costs in determining the stage of completion. They are presented as inventories, prepayments or other assets, depending on their nature.

The Group presents as an asset the gross amount due from customers for contract work for all contracts in progress and for which costs incurred plus recognised profits (less recognised losses) exceed progress billings. Progress billings not yet paid by customers and retention are included within trade and other accounts receivable.

The Group presents as a liability the gross amount due to customers for contract work for all contracts in progress for which progress billings exceed costs incurred plus recognised profits (less recognised losses).

### **2.9 Held-to-maturity investment**

Investment other than investments in subsidiaries is classified into the held-to-maturity investments. The classification is dependent on the purpose for which the investments were acquired. Management determines the appropriate classification of its investments at the time of the purchase and re-evaluates such designation on a regular basis.

Investments with fixed maturity that the management has the intent and ability to hold to maturity are classified as held-to-maturity and are included in non-current assets, except for maturities within 12 months from the statement of financial position date which are classified as current assets.

Held-to-maturity investment is initially recognised at cost, which is equal to the fair value of consideration paid plus transaction cost.

Held-to-maturity investment is carried at amortised cost using the effective yield method less impairment loss.

### **2.10 Investment properties**

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the companies in the consolidated Group, is classified as investment property. Investment property also includes property that is being constructed or developed for future use as investment property.

The investment property of the Group is land for capital appreciation.

Investment property is measured initially at its cost less provision for impairment, including related transaction costs. Land is not depreciated.

Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

## 2 Accounting policies (Cont'd)

### 2.11 Property, plant and equipment

Property, plant and equipments are stated at historical cost less accumulated depreciation and allowance for impairment of assets. Initial cost included other direct cost related to assets acquisition.

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

Land has not been depreciated. Depreciation of other assets is calculated using the straight-line method to write off the cost of each asset to their residual value over the estimate useful lives as follows:

Land improvements	5 Years
Buildings	20 Years
Buildings improvements	20 Years
Furniture, fixtures and office equipment	5 Years
Computer equipment	5 Years
Motor vehicles	5 - 10 Years

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

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Gains and losses on disposal of property, plant and equipment are calculated by comparing net proceeds from disposal of assets with assets' carrying amount and are taken into other income and other expenses, respectively.

### 2.12 Intangible assets

#### 2.12.1 Research and development - Patents

Research expenditure is recognised as an expense as incurred. Costs incurred on development projects (relating to the design and testing of new or improved products) are recognised as intangible assets when it is probable that the project will be a success considering its commercial and technological feasibility, and only if the cost can be measured reliably. Other development expenditure is recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Development costs that have been capitalised are amortised from the commencement of the commercial production of the product on a straight-line basis over the period of its expected benefit, not exceeding 10 years.

#### 2.12.2 Trademarks and licences

Separately acquired trademarks and licences are shown at historical cost. Trademarks and licences acquired in a business combination are recognised at fair value at the acquisition date.

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives of 10 years.

## 2 Accounting policies (Cont'd)

### 2.12 Intangible assets (Cont'd)

#### 2.12.3 Computer software

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use or sell it;
- management intends to complete the software product and use or sell it;
- there is an ability to use or sell the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- the expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of relevant overheads.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an intangible asset in a subsequent period.

Computer software development costs recognised as intangible assets are amortised using the straight-line method over their estimated useful lives, which does not exceed 10 years.

#### 2.12.4 Know-how

Expenditure on acquired Know-how which consists of consulting fee for expertise in production of FRP-PU sandwich panels and technical and engineering assistance is capitalised and amortised using the straight line basis over their useful lives, generally over 10 years.

### 2.13 Impairment of assets

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

### 2.14 Leases

#### 2.14.1 **Where a Group Company is the lessee**

##### Finance leases

Leases of assets where the lessee has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased property or the present value of the minimum lease payments. Each lease payment is allocated to principal and to finance charges so as to achieve a constant rate on the finance balance outstanding. The outstanding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance charge is charged to the profit or loss over the lease period. The assets acquired under finance lease is depreciated over the shorter of the useful life of the asset or lease term.

##### Operating leases

Leases where the lessor has substantially all the risks and rewards of ownership are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

## 2 Accounting policies (Cont'd)

### 2.14 Leases (Cont'd)

#### 2.14.2 Where a group company is the lessor

##### Finance leases

When assets are leased out under a finance lease, the present value of the lease payments is recognised as a receivable. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income. Lease income is recognised over the term of the lease using the net investment method, which reflects a constant periodic rate of return.

##### Operating leases

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

### 2.15 Borrowings

Borrowings are recognised initially at the proceeds received (net of transaction costs incurred). In subsequent periods, borrowings are stated at amortised cost using the effective yield method. Any difference between proceeds (net transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent that there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of reporting date.

### 2.16 Current and deferred taxes

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of reporting period in the countries where the Company and the Company's subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax is recognised, using the liability method, on temporary differences arising from differences between the tax base of assets and liabilities and their carrying amounts in the financial statements. However, the deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred tax asset is realised or the deferred income tax liability is settled.

## 2 Accounting policies (Cont'd)

### 2.16 Current and deferred taxes (Cont'd)

Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred income tax is provided on temporary differences arising from investment in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

### 2.17 Employee benefits

#### Retirement benefits

Group companies operate various retirement benefit schemes. The Group has both defined benefit and defined contribution plans.

- A defined contribution plan is a plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions once the contributions have been paid even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The Group pays contributions to a separate fund which is managed by an external fund manager in accordance with the Provident Fund Act. B.E. 2530. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.
- A defined benefit plan is a retirement plan that is not a defined contribution plan. Typically defined benefit plans define an amount of retirement benefit that an employee will receive on retirement, usually depends on one or more factors such as age, years of service and compensation.

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

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

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

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

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

## 2 Accounting policies (Cont'd)

### 2.18 Share-based payment

The group operates a number of equity-settled, share-based compensation plans, under which the entity receives services from employees as consideration for options of the Group (or its shareholders). The fair value of the employee services received in exchange for the grant of the options is recognised as an expense in the statement of comprehensive income and other reserve in the shareholder's equity. The total amount to be expensed is determined by reference to the fair value of the options on the date that the Group (or its shareholders) expresses their desires.

When the options are exercised, the Group issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

### 2.19 Financial assets and financial liabilities

Financial assets carried on the statement of financial position include cash and cash equivalents, trade accounts receivable and other accounts receivable, short-term loans to other company, associate, and related person, certain parts of other current assets and restricted deposits at financial institutions and other non-current assets. Financial liabilities carried on the statement of financial position include short-term loans from financial institutions, trade accounts payable and other accounts payable certain parts of other current liabilities, long-term loans from financial institutions and liability under finance lease agreements. The particular recognition methods adopted are disclosed in the individual accounting policy statements associated with each item.

### 2.20 Provisions - general

Provisions are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

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

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

### 2.21 Share capital

Ordinary shares with discretionary dividends are classified as equity.

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

### 2.22 Revenue recognition

Revenue comprises the fair value for consideration received or receivable for the sale of goods and service net of output tax, rebates and discounts. Revenue from sale of goods is recognised when significant risks and rewards of ownership of goods are transferred to the buyer, services income is recognised as revenue in the period in which they are rendered.

Revenue from contract is based on the stage of completion determined by reference to service performed to date as a percentage of total service to be performed. See accounting policy 2.8 on construction contracts.

Other revenues earned by the Company are recognised on the following basis:

Interest income is recognised on a time proportion basis, taking account of the principal outstanding and the effective rate over the period to maturity, when it is determined that such income will accrue to the Company.

## 2 Accounting policies (Cont'd)

### 2.23 Finance costs

Finance costs comprise interest expense from bank loans and liabilities under finance lease contracts.

### 2.24 Dividends

Dividends payment to the Company's shareholders is recognised as a liability in the consolidated and company's financial statements in the period in which they are approved by the Company's shareholders.

### 2.25 Segment reporting

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

## 3 Financial risk management

### 3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Risk management is carried out by the finance department under policies approved by the Board of Directors. The finance department identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units.

#### 3.1.1 Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

The Group also hedges the foreign currency exposure of its contract commitments to purchase certain goods from overseas.

#### 3.1.2 Interest rate risk

The Group's income and operating cash flows are substantially independent of changes in market interest rates. All interest rate derivative transactions are subject to approval by the Finance Director before execution. The Group has no significant interest-bearing assets.

#### 3.1.3 Credit risk

The Group has no significant concentrations of credit risk. The Group has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history. Derivative counterparties and cash transactions are limited to high credit quality financial institutions. The Group has policies that limit the amount of credit exposure to one financial institution.

#### 3.1.4 Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying business, the Group Treasury aims at maintaining flexibility in funding by keeping committed credit lines available. Cash and deposits are placed with financial institutions with high credit rating.

### 3 Financial risk management (Cont'd)

#### 3.2 Fair value estimation

The table below analyses financial instruments carried at fair value by valuation method. The different levels have been defined as follows:

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

The fair value of financial assets which are cash and cash equivalents, trade accounts receivables and other receivables, derivative assets, restricted deposit at financial institution and financial liabilities which are trade accounts payable and other payables, bank overdrafts and short-term borrowings are approximately to the carrying amounts due to their short maturities.

The following table presents the Group's financial assets and financial liabilities that are measured at fair value as at 31 December 2017 and 2016.

	Consolidated and Separate financial statements							
	31 December 2017				31 December 2016			
	Level 1 Baht	Level 2 Baht	Level 3 Baht	Total Baht	Level 1 Baht	Level 2 Baht	Level 3 Baht	Total Baht
<b>Assets</b>								
<b>Financial assets</b>								
Financial instrument assets	-	23,764	-	23,764	-	599,091	-	599,091
<b>Total assets</b>	-	23,764	-	23,764	-	599,091	-	599,091
<b>Liabilities</b>								
<b>Financial liabilities</b>								
Financial instrument liabilities	-	-	-	-	-	-	-	-
<b>Total liabilities</b>	-	-	-	-	-	-	-	-

The fair value of foreign exchange forward contracts is determined by using rates quoted by group's counterparties to terminate the contracts at 31 December 2017 and 2016 and are within level 2 of fair value hierarchy.

There were no changes in valuation techniques during the periods.

#### The valuation processes

The Group's Finance Department performs the valuations of financial assets required for financial reporting purposes and reports directly to the Financial Executive every quarter.

#### **4 Critical accounting estimates and judgements**

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

##### **Critical accounting estimates and assumptions**

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

(a) Revenue recognition

The Group uses the percentage-of-completion method in accounting for its fixed-price contracts to deliver design services. The Group determined the stage of completion of a contract by using the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs.

(b) Deferred tax

Deferred tax assets come from the estimation of some temporary difference effects which is probable to utilise tax benefit. Management's estimation comes from an assumption based on an available future income and any factors or external exposures which might affect the projected future performance. The Group also considered the utilisation of the past tax losses and assessed the estimation on a conservative basis.

(c) Employee benefit obligations

The present value of the employee benefit obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for employee benefits include the discount rate. Any changes in these assumptions will have an impact on the carrying amount of employee benefit obligations.

The Group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the employee benefit obligations. In determining the appropriate discount rate, the Group considers the market yield of government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related employee benefit liability.

Other key assumptions for employee benefit obligations are based in part on current market conditions. Additional information is disclosed in Note 28.

#### **5 Capital risk management**

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

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

**6 Segment information**

To assess the Group's operation, the Group considers the gross profit from the revenue transactions comprising revenues from contract work, revenues from sales, revenues from services and revenues from joint operations. Intercompany sales were already eliminated. Gross profit was determined by subtracting cost of contract work, cost of sales and services and cost from joint operations.

<b>Consolidated statements of comprehensive income</b>				
<b>For the year ended 31 December 2017</b>				
	<b>Revenues from contract work Baht</b>	<b>Revenues from sales Baht</b>	<b>Revenues from services Baht</b>	<b>Total Baht</b>
Revenue	1,390,940,104	22,840,040	172,124,332	1,585,904,476
Gross profit	146,090,197	11,382,572	33,570,672	191,043,441
Unallocated selling and administrative expenses and finance costs				(224,289,489)
Unallocated other income				9,912,022
Unallocated gain (loss) on exchange rate				3,709,103
Unallocated gain (loss) on disposal of fixed asset				(491,012)
Unallocated share of profit (loss) from investments in associates				(141,840)
Unallocated income tax				756,732
Unallocated other comprehensive income				793,687
Total comprehensive income (expense) for the year				(18,707,356)
<u>Less</u> Non-controlling interest				(760)
Total comprehensive income (expense) - equity holders of the parent				(18,708,116)

<b>Consolidated statements of comprehensive income</b>					
<b>For the year ended 31 December 2016</b>					
	<b>Revenues from contract work Baht</b>	<b>Revenues from sales Baht</b>	<b>Revenues from services Baht</b>	<b>Revenues from joint operations Baht</b>	<b>Total Baht</b>
Revenue	926,160,095	12,451,108	119,626,520	-	1,058,237,723
Gross profit (loss)	103,979,736	5,917,780	42,828,984	(11,989,961)	140,736,539
Unallocated selling and administrative expenses and finance costs					(254,738,677)
Unallocated other income					12,281,881
Unallocated gain (loss) on exchange rate					9,321,290
Unallocated gain (loss) on disposal of fixed asset					(179,855)
Unallocated income tax					1,290,600
Unallocated other comprehensive income (expense)					10,499
Total comprehensive income (expense) for the year					(91,277,723)
<u>Less</u> Non-controlling interest					2,170
Total comprehensive income (expense) - equity holders of the parent					(91,275,553)

The group does not allocated its assets by business segment.

The group's revenue from major customers for the year ended 31 December 2017 and 2016 were Baht 196.34 million and Baht 362.84 million, respectively.

**6 Segment information (Cont'd)**

The group's segment revenues based on the geographic location of customers for the year ended 31 December 2017 and 2016 are as followings:

	<b>2017</b> <b>Thousand</b> <b>Baht</b>	<b>2016</b> <b>Thousand</b> <b>Baht</b>
Thailand	1,357,099	620,180
Hong Kong	58,527	37,981
Malaysia	50,271	34,801
Others	118,478	365,276
Total	<u>1,584,375</u>	<u>1,058,238</u>

**7 Cash and cash equivalents**

	<b>Consolidated</b> <b>financial statements</b>		<b>Separate</b> <b>financial statements</b>	
	<b>2017</b> <b>Baht</b>	<b>2016</b> <b>Baht</b>	<b>2017</b> <b>Baht</b>	<b>2016</b> <b>Baht</b>
Cash on hand	315,080	318,120	270,678	318,120
Cash at banks - current accounts	2,214,566	43,503,495	2,035,664	42,711,245
- savings accounts	61,129	27,408	61,129	27,408
- fixed deposits	11,000	11,000	11,000	11,000
Interest of fixed deposits at bank pledged as collateral	9,288	-	175	-
	<u>2,611,063</u>	<u>43,860,023</u>	<u>2,378,646</u>	<u>43,067,773</u>

As at 31 December 2017, savings accounts and fixed deposits which represent 3-month fixed deposit carrying interest at the rates of 0.37% - 0.65% per annum and 0.80% - 0.90% per annum, respectively (31 December 2016 : 0.04% per annum and 0.80% - 1.00% per annum)

**8 Trade and other accounts receivable (net)**

	<b>Consolidated</b> <b>financial statements</b>		<b>Separate</b> <b>financial statements</b>	
	<b>2017</b> <b>Baht</b>	<b>2016</b> <b>Baht</b>	<b>2017</b> <b>Baht</b>	<b>2016</b> <b>Baht</b>
Trade accounts receivable				
- other	193,361,927	143,582,999	185,893,802	141,843,053
- related companies (Note 38 b))	139,556,735	156,092	79,630,722	1,133,836
	332,918,662	143,739,091	265,524,524	142,976,889
<u>Less</u> Allowance for doubtful accounts				
- trade accounts receivable - other	(3,280,525)	(3,280,525)	(2,304,025)	(2,304,025)
	329,638,137	140,458,566	263,220,499	140,672,864
Contract work in progress in excess of progress billings (net) (Note 10 a))	420,507,606	224,657,813	415,809,923	224,657,813
Other accounts receivable				
- other	2,620,211	-	2,620,211	-
- related companies (Note 38 b))	1,931,228	911,555	1,931,228	1,107,335
Retention receivable	549,000	1,565,000	549,000	1,372,500
Advance payment				
- other	1,901,616	607,300	1,740,501	562,817
- related companies (Note 38 b))	10,950	10,950	10,950	10,950
Interest receivable				
- other	317,499	344,645	317,499	344,645
- related companies (Note 38 b))	-	-	1,218,218	-
Prepaid expenses	9,358,084	5,060,531	7,905,972	5,053,042
Loans receivable to employee	10,800	24,986	10,800	24,986
	<u>766,845,131</u>	<u>373,641,346</u>	<u>695,334,801</u>	<u>373,806,952</u>

**8 Trade and other accounts receivable (net) (Cont'd)**

Trade accounts receivable classified by aging are as follows:

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<b>2017 Baht</b>	<b>2016 Baht</b>	<b>2017 Baht</b>	<b>2016 Baht</b>
Accounts receivable not overdue	52,494,864	102,239,377	38,718,038	102,508,245
Overdue				
1 - 30 days	73,386,696	16,831,738	36,751,305	16,777,168
31 - 60 days	79,935,782	14,974,622	65,780,110	14,974,622
61 - 90 days	92,397,039	609,163	92,397,039	609,163
91 - 180 days	25,458,263	2,287,086	23,608,514	2,287,086
181 - 365 days	5,580,723	2,798,882	5,580,723	2,798,882
Over 365 days	3,665,295	3,998,223	2,688,795	3,021,723
	<u>332,918,662</u>	<u>143,739,091</u>	<u>265,524,524</u>	<u>142,976,889</u>

Trade accounts receivable from related companies classified by aging are as follows:

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<b>2017 Baht</b>	<b>2016 Baht</b>	<b>2017 Baht</b>	<b>2016 Baht</b>
Account receivable - related companies not overdue	17,282,573	128,400	6,370,732	1,106,144
Overdue				
1 - 30 days	33,191,406	-	182,655	-
31 - 60 days	14,155,672	-	-	-
61 - 90 days	73,077,335	-	73,077,335	-
91 - 180 days	1,849,749	-	-	-
181 - 365 days	-	27,692	-	27,692
Over 365 days	-	-	-	-
	<u>139,556,735</u>	<u>156,092</u>	<u>79,630,722</u>	<u>1,133,836</u>

9 Employee receivables under finance lease agreements (net)

As at 31 December 2017 and 2016, the average contract period of employee receivables under finance lease agreements are 5 years with interest charged at the fixed rate as specified in the contracts. The remaining receivables under finance lease agreements classified by due date are as follows:

	Consolidated and Separate financial statements					
	Amounts due under contracts					
	Less than 1 year		1 - 5 year Baht		Total Baht	
2017 Baht	2016 Baht	2017 Baht	2016 Baht	2017 Baht	2016 Baht	
Employee receivables under finance lease agreements	208,380	208,380	382,030	590,410	590,410	798,790
Unearned interest income	(22,785)	(22,785)	(41,773)	(64,558)	(64,558)	(87,343)
	185,595	185,595	340,257	525,852	525,852	711,447
<u>Less</u> Allowance for doubtful accounts	-	-	-	-	-	-
	185,595	185,595	340,257	525,852	525,852	711,447

As at 31 December 2017 and 2016, the Group had no overdue amount for the purchase receivables.

10 Contract work in progress

a) Contract work in progress in excess of progress billings (net)

	Consolidated financial statements		Separate financial statements	
	2017 Baht	2016 Baht	2017 Baht	2016 Baht
Contract work in progress	552,521,796	256,524,161	548,399,602	256,524,161
Attributable profit	89,643,799	40,300,902	88,358,022	40,300,902
Attributable loss	(2,541,477)	-	(2,541,477)	-
	639,624,118	296,825,063	634,216,147	296,825,063
<u>Less</u> Progress billings	(219,116,512)	(72,167,250)	(218,406,224)	(72,167,250)
	420,507,606	224,657,813	415,809,923	224,657,813
<u>Less</u> Provision for project loss	-	-	-	-
	<u>420,507,606</u>	<u>224,657,813</u>	<u>415,809,923</u>	<u>224,657,813</u>

b) Progress billings in excess of contract work in progress (net)

	Consolidated financial statements		Separate financial statements	
	2017 Baht	2016 Baht	2017 Baht	2016 Baht
Contract work in progress	10,561,148	18,366,588	10,561,148	18,366,588
Attributable profit	3,157,391	1,036,771	3,157,391	1,036,771
	13,718,539	19,403,359	13,718,539	19,403,359
<u>Less</u> Progress billings	(23,019,836)	(38,170,756)	(23,019,836)	(38,170,756)
	<u>(9,301,297)</u>	<u>(18,767,397)</u>	<u>(9,301,297)</u>	<u>(18,767,397)</u>

11 Inventories (net)

	Consolidated financial statements		Separate financial statements	
	2017 Baht	2016 Baht	2017 Baht	2016 Baht
Finished goods	40,633,564	16,944,895	38,966,496	14,287,306
Work in progress	72,959,955	56,092,759	62,875,302	43,874,983
Raw materials	220,516,530	215,723,063	190,426,707	197,666,877
Spare parts and supplies	14,561,768	9,350,996	13,798,871	8,739,471
<u>Less</u> Allowance for obsolete and slow-moving inventories	(5,243,229)	(4,122,536)	(3,417,002)	(3,170,452)
	343,428,588	293,989,177	302,650,374	261,398,185
Deposits for purchase of raw materials	16,703,903	10,089,595	16,703,903	10,066,752
Raw materials in transit	1,050	31,028,065	1,050	26,699,498
	<u>360,133,541</u>	<u>335,106,837</u>	<u>319,355,327</u>	<u>298,164,435</u>

**12 Value added tax**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<b>2017 Baht</b>	<b>2016 Baht</b>	<b>2017 Baht</b>	<b>2016 Baht</b>
Value added tax refundable	43,009,046	17,431,260	42,716,395	17,138,609
Undue input tax	5,868,211	5,259,187	5,783,100	5,060,122
Value added tax payable	(330,132)	(581,607)	-	-
Undue output tax	(620,414)	(73,464)	(620,415)	(73,464)
	<u>47,926,711</u>	<u>22,035,376</u>	<u>47,879,080</u>	<u>22,125,267</u>

**13 Restricted deposits at financial institution**

As at 31 December 2017, restricted deposits at financial institutions represent 3-month to 12-month fixed deposits with interest rate of 0.65% - 0.90% per annum (2016 : restricted deposits at financial institutions represent 3 - 12 months fixed deposits with interest rate of 1.00% per annum). The fixed deposits are held as collateral against short-term borrowings from financial institutions (Note 23). Only the interest earned is allowed to be spent for the operation.

14 Investment in associates

a) As at 31 December 2017 and 2016, investments in associates comprise the following:

Company name	Type of business	Incorporated in	Percentage of shareholding		Paid-up share capital (amount)		Consolidate financial statements Equity method		Separate financial statements Cost method		Share of profit (loss)	
			2017 %	2016 %	2017 Baht	2016 Baht	2017 Baht	2016 Baht	2017 Baht	2016 Baht	2017 Baht	2016 Baht
KLRT Co., Ltd.	Transportation, goods transportation and passenger	Thailand	49.00	-	5,750,000	-	2,675,660	-	2,817,500	-	(141,840)	-

At the Board of Directors Meeting on 22 December 2017, the board of directors approved to established associate of KLRT Co., Ltd. The associate registered share capital by Baht 20,000,000. The associate has cash received for registered shares with amounting to Baht 490,000 on 19 December 2017 and Baht 2,327,500 on 20 December 2017, total amounting to Baht 2,817,500 from Cho Thavee Public Company Limited and has 49% shareholding in the associate.

KLRT Company Limited is a private Company and there is no quoted market price available for its shares; the country of registration is also their principle place of business.

There are no contingent liabilities relating to the Group's interest in the associates.

As at 31 December 2017, the associate, which in the opinion of the directors, is immaterial to the Group. The associate has share capital consisting solely of ordinary shares, which are held directly by the Group.

**14 Investment in associates (Cont'd)**

- b) The movements in book value of investment in associate for the year ended 31 December 2017 and 2016 comprise the following:

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<b>2017 Baht</b>	<b>2016 Baht</b>	<b>2017 Baht</b>	<b>2016 Baht</b>
Opening net book value	-	-	-	-
Additional investment	2,817,500	-	2,817,500	-
Share of loss - post-tax results	(141,840)	-	-	-
Closing net book value	<u>2,675,660</u>	<u>-</u>	<u>2,817,500</u>	<u>-</u>

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15 Investments in subsidiary

Company name	Type of business	Incorporated in	Percentage of shareholding		Paid-up share capital (amount)		Separate financial statements Cost method	
			2017 %	2016 %	2017 Baht	2016 Baht	2017 Baht	2016 Baht
Cho Thavee Thermo Tech Co., Ltd.	Manufacturing, fabrication, assembly for panel and container	Thailand	99.99	99.99	19,999,950	19,999,950	22,599,950	22,599,950

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## 16 Joint operations

On 2 August 2013, the Company entered into an agreement with another company to establish “Joint Venture TSP-CTV” (Joint operation) for propose to install electric system and LED lighting in buildings under supervision of Ministry of Defence Project. Under the term of the agreement, the Company shares 50% profit or loss of the joint venture. The agreement is valid for five years ending in August 2018, and renewable for another one year.

The registered office address of the Joint venture is located at 96/25 Moo 3, Vibhavadi Rangsit Road, Talat Bang Khen, Laksi Bangkok.

On 25 December 2013, the “Joint Venture TSP-CTV” entered into an agreement for the project to sell and install electric system and LED lighting in buildings under the supervision of Ministry of Defence with the office of the Defence Permanent Secretary Office, Ministry of Defence. The value of the agreement is Baht 393 million in which the “Joint Venture TSP-CTV” must complete the project by 20 December 2014 and comply with other conditions provided in the agreement.

On 1 July 2014, the “Joint Venture TSP-CTV” was suspended from contractual operation with the counterparty under an order from the Committee to Follow up on and Scrutinize the Spending of State Budget (Kor Tor Ror) to put off the project’s operation. The management has negotiated with the counterparty and they agreed to fully pay for the completed installation part and pay for remaining inventories at its cost. Despite to this, the “Joint Venture TSP-CTV” has to maintain its active status for at least three years according to a retention condition provided in the agreement.

However, on 14 July 2015, the “Joint Venture TSP-CTV” received a consent letter from the Office of the Permanent Secretary for Defence to continue and complete the project’s operation. The “Joint Venture TSP-CTV” delivered all remaining inventories to the Office of the Permanent Secretary for Defence on 10 October 2015. Despite to this, the “Joint Venture TSP-CTV” has to maintain its active status for at least two years according to a retention condition provided in the agreement.

The information related to joint operations is as follows:

	The joint operations is Business	Country of Incorporation	% Ownership Interest	
			2017	2016
Joint venture TSP-CTV	Propose to install electric System and LED lighting In building under supervision of Ministry of Defence Project	Thailand	50	50

The Group has 50% interest in a “Joint Venture TSP-CTV”, which provides products and services in the electric system and LED lighting. The following amounts represent the group’s share of the assets and liabilities and sales and results of the joint venture and are included in the statement of financial position and statements of comprehensive income:

	Joint operation financial statements	
	2017 Baht	2016 Baht
Current assets	1,122,634	1,486,297
Current liabilities	(5,057,919)	(2,388,054)
Net current assets	(3,935,285)	(901,757)
Revenue	-	4,545
Expenses	(1,068,635)	(12,326,360)

## 17 Held-to-maturity investment

Held-to-maturity investment as at 31 December 2017 and 2016 are as follows:

Security name	Consolidated and Separate financial statements					
	Units held		Cost (Baht) per unit		Total cost Baht	
	2017	2016	2017	2016	2017	2016
Subordinated debenture with maturity dates of 10 years on 18 May 2022	-	1,000	-	1,000	-	1,000,000

**17 Held-to-maturity investment (Cont'd)**

The movement of held-to-maturity investment for the year ended 31 December 2017 and 2016 is as follows:

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<b>2017 Baht</b>	<b>2016 Baht</b>	<b>2017 Baht</b>	<b>2016 Baht</b>
Opening net book amount	1,000,000	1,000,000	1,000,000	1,000,000
Disposal	(1,000,000)	-	(1,000,000)	-
Ending net book amount	-	1,000,000	-	1,000,000

**18 Investment property**

	<b>Consolidated and Separate financial statements</b>
	<b>Land Baht</b>
<b>As at 1 January 2016</b>	
Cost	81,577,261
<u>Less</u> Accumulated depreciation	-
Net book amount	<u>81,577,261</u>
<b>For the year ended 31 December 2016</b>	
Opening net book amount	81,577,261
Additions	-
Closing net book amount	<u>81,577,261</u>
<b>As at 31 December 2016</b>	
Cost	81,577,261
<u>Less</u> Accumulated depreciation	-
Net book amount	<u>81,577,261</u>
<b>For the year ended 31 December 2017</b>	
Opening net book amount	81,577,261
Additions	-
Closing net book amount	<u>81,577,261</u>
<b>As at 31 December 2017</b>	
Cost	81,577,261
<u>Less</u> Accumulated depreciation	-
Net book amount	<u>81,577,261</u>
Fair value as at 31 December 2016	79,382,040
Fair value as at 31 December 2017	79,382,040

The fair value of investment properties are based on the sales comparison approach using the valuation by independent professionally qualified valuers who hold a recognized relevant professional qualification and have experience in the locations and categories of the investment properties value. The fair values are within level 2 of the fair value hierarchy.

As at 31 December 2017, the Group has no amounts recognised in profit and loss that are related to investment properties.

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19 Property, plant and equipment (net)

	Consolidated financial statements (Baht)								
	Land	Land improvements	Building	Building improvements	Machinery and equipment	Furniture, fixtures, office equipment, and computer equipment	Vehicles	Construction in progress	Total
<b>As at 1 January 2016</b>									
Cost	365,679,679	5,414,511	141,820,937	97,168,672	140,881,621	15,539,892	86,729,674	39,883,640	893,118,626
Less Accumulated depreciation	-	(2,967,046)	(56,181,545)	(24,014,251)	(117,950,604)	(8,092,720)	(20,206,018)	-	(229,412,184)
Net book value	365,679,679	2,447,465	85,639,392	73,154,421	22,931,017	7,447,172	66,523,656	39,883,640	663,706,442
<b>For the year ended 31 December 2016</b>									
Opening net book value	365,679,679	2,447,465	85,639,392	73,154,421	22,931,017	7,447,172	66,523,656	39,883,640	663,706,442
Additions	-	-	229,253	15,165,986	7,604,480	4,641,816	4,309,852	108,015,826	139,967,213
Transfers from construction in progress	-	-	5,081,738	10,105,253	5,413,512	-	3,316,514	(23,917,017)	-
Transfers from inventory	-	-	-	-	-	-	1,725,315	-	1,725,315
Write-off - cost	-	-	-	-	(12,647,303)	(58,311)	-	-	(12,705,614)
- accumulated depreciation	-	-	-	-	12,487,975	37,784	-	-	12,525,759
Depreciation charge (Note 35)	-	(661,868)	(7,383,424)	(4,792,750)	(9,281,068)	(2,420,727)	(9,483,795)	-	(34,023,632)
Closing net book value	365,679,679	1,785,597	83,566,959	93,632,910	26,508,613	9,647,734	66,391,542	123,982,449	771,195,483
<b>As at 31 December 2016</b>									
Cost	365,679,679	5,414,511	147,131,928	122,439,911	141,252,310	20,123,397	96,081,355	123,982,449	1,022,105,540
Less Accumulated depreciation	-	(3,628,914)	(63,564,969)	(28,807,001)	(114,743,697)	(10,475,663)	(29,689,813)	-	(250,910,057)
Net book value	365,679,679	1,785,597	83,566,959	93,632,910	26,508,613	9,647,734	66,391,542	123,982,449	771,195,483

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19 Property, plant and equipment (net) (Cont'd)

	Consolidated financial statements (Baht)								
	Land	Land improvements	Building	Building improvements	Machinery and equipment	Furniture, fixtures, office equipment, and computer equipment	Vehicles	Construction in progress	Total
<b>For the year ended 31 December 2017</b>									
Opening net book value	365,679,679	1,785,597	83,566,959	93,632,910	26,508,613	9,647,734	66,391,542	123,982,449	771,195,483
Additions	-	-	-	1,606,475	24,444,225	3,578,059	18,107	221,669,476	251,316,342
Transfers from construction in progress	-	-	85,767,088	8,103,687	15,484,576	-	710,484	(110,065,835)	-
Write-off - cost	-	-	-	-	(4,792,401)	(207,097)	-	-	(4,999,498)
- accumulated depreciation	-	-	-	-	4,413,173	95,313	-	-	4,508,486
Depreciation charge (Note 35)	-	(610,540)	(10,158,076)	(6,132,399)	(14,469,885)	(3,459,440)	(10,595,068)	-	(45,425,408)
Closing net book value	<u>365,679,679</u>	<u>1,175,057</u>	<u>159,175,971</u>	<u>97,210,673</u>	<u>51,588,301</u>	<u>9,654,569</u>	<u>56,525,065</u>	<u>235,586,090</u>	<u>976,595,405</u>
<b>As at 31 December 2017</b>									
Cost	365,679,679	5,414,511	232,899,016	132,150,073	176,388,710	23,494,359	96,809,946	235,586,090	1,268,422,384
<u>Less</u> Accumulated depreciation	<u>-</u>	<u>(4,239,454)</u>	<u>(73,723,045)</u>	<u>(34,939,400)</u>	<u>(124,800,409)</u>	<u>(13,839,790)</u>	<u>(40,284,881)</u>	<u>-</u>	<u>(291,826,979)</u>
Net book value	<u>365,679,679</u>	<u>1,175,057</u>	<u>159,175,971</u>	<u>97,210,673</u>	<u>51,588,301</u>	<u>9,654,569</u>	<u>56,525,065</u>	<u>235,586,090</u>	<u>976,595,405</u>

Cho Thavee Public Co., Ltd.  
Notes to the Consolidated and Separate Financial Statements  
For the year ended 31 December 2017

19 Property, plant and equipment (net) (Cont'd)

	Separate financial statements (Baht)								
	Land	Land improvements	Building	Building improvements	Machinery and equipment	Furniture, fixtures, office equipment, and computer equipment	Vehicles	Construction in progress	Total
<b>As at 1 January 2016</b>									
Cost	349,641,003	3,841,450	89,515,616	95,072,299	98,046,944	14,881,499	85,228,674	36,895,346	773,122,831
Less Accumulated depreciation	-	(2,726,559)	(48,995,297)	(23,017,756)	(81,990,613)	(7,644,948)	(19,078,418)	-	(183,453,591)
Net book value	<u>349,641,003</u>	<u>1,114,891</u>	<u>40,520,319</u>	<u>72,054,543</u>	<u>16,056,331</u>	<u>7,236,551</u>	<u>66,150,256</u>	<u>36,895,346</u>	<u>589,669,240</u>
<b>For the year ended 31 December 2016</b>									
Opening net book value	349,641,003	1,114,891	40,520,319	72,054,543	16,056,331	7,236,551	66,150,256	36,895,346	589,669,240
Additions	-	-	229,253	15,081,108	6,681,853	4,516,702	4,309,852	107,270,349	138,089,117
Transfers from construction in progress	-	-	5,081,738	10,105,253	1,679,741	-	3,316,514	(20,183,246)	-
Transfers from inventory	-	-	-	-	-	-	1,725,315	-	1,725,315
Write-off - cost	-	-	-	-	(12,647,303)	(58,311)	-	-	(12,705,614)
- accumulated depreciation	-	-	-	-	12,487,975	37,784	-	-	12,525,759
Depreciation charge (Note 35)	-	(582,999)	(4,712,387)	(4,687,609)	(5,952,355)	(2,337,210)	(9,182,773)	-	(27,455,333)
Closing net book value	<u>349,641,003</u>	<u>531,892</u>	<u>41,118,923</u>	<u>92,553,295</u>	<u>18,306,242</u>	<u>9,395,516</u>	<u>66,319,164</u>	<u>123,982,449</u>	<u>701,848,484</u>
<b>As at 31 December 2016</b>									
Cost	349,641,003	3,841,450	94,826,607	120,258,660	93,761,235	19,339,890	94,580,355	123,982,449	900,231,649
Less Accumulated depreciation	-	(3,309,558)	(53,707,684)	(27,705,365)	(75,454,993)	(9,944,374)	(28,261,191)	-	(198,383,165)
Net book value	<u>349,641,003</u>	<u>531,892</u>	<u>41,118,923</u>	<u>92,553,295</u>	<u>18,306,242</u>	<u>9,395,516</u>	<u>66,319,164</u>	<u>123,982,449</u>	<u>701,848,484</u>

Cho Thavee Public Co., Ltd.  
Notes to the Consolidated and Separate Financial Statements  
For the year ended 31 December 2017

19 Property, plant and equipment (net) (Cont'd)

	Separate financial statements (Baht)								Total
	Land	Land improvements	Building	Building improvements	Machinery and equipment	Furniture, fixtures, Office equipment, and computer equipment	Vehicles	Construction in progress	
<b>For the year ended 31 December 2017</b>									
Opening net book value	349,641,003	531,892	41,118,923	92,553,295	18,306,242	9,395,516	66,319,164	123,982,449	701,848,484
Additions	-	-	-	1,191,192	23,495,920	3,535,994	18,107	221,601,371	249,842,584
Transfers from construction in progress	-	-	85,698,983	8,103,687	15,484,576	-	710,484	(109,997,730)	-
Write-off - cost	-	-	-	-	(4,792,401)	(207,097)	-	-	(4,999,498)
- accumulated depreciation	-	-	-	-	4,413,173	95,313	-	-	4,508,486
Depreciation charge (Note 35)	-	(531,887)	(7,541,086)	(6,013,345)	(11,174,101)	(3,365,658)	(10,522,691)	-	(39,148,768)
Closing net book value	<u>349,641,003</u>	<u>5</u>	<u>119,276,820</u>	<u>95,834,829</u>	<u>45,733,409</u>	<u>9,454,068</u>	<u>56,525,064</u>	<u>235,586,090</u>	<u>912,051,288</u>
<b>As at 31 December 2017</b>									
Cost	349,641,003	3,841,450	180,525,590	129,553,539	127,949,330	22,668,787	95,308,946	235,586,090	1,145,074,735
Less Accumulated depreciation	-	(3,841,445)	(61,248,770)	(33,718,710)	(82,215,921)	(13,214,719)	(38,783,882)	-	(233,023,447)
Net book value	<u>349,641,003</u>	<u>5</u>	<u>119,276,820</u>	<u>95,834,829</u>	<u>45,733,409</u>	<u>9,454,068</u>	<u>56,525,064</u>	<u>235,586,090</u>	<u>912,051,288</u>

As at 31 December 2017 and 2016, land including construction thereon of the Company with net book value of Baht 210 million and Baht 218 million are being used as collaterals against borrowings from financial institutions (Note 23 and 24).

19 Property, plant and equipment (net) (Cont'd)

Leased assets included above, where the Group and the Company is a lessee under a finance lease, comprise vehicle:

	Consolidated financial statements		Separate financial statements	
	2017 Baht	2016 Baht	2017 Baht	2016 Baht
Cost - capitalised finance lease	59,655,711	60,213,655	59,655,711	60,213,655
<u>Less</u> Accumulated depreciation	(14,725,193)	(8,683,126)	(14,725,193)	(8,683,126)
Net book amount	<u>44,930,518</u>	<u>51,530,529</u>	<u>44,930,518</u>	<u>51,530,529</u>

20 Intangible assets (net)

	Consolidated financial statements					Total Baht
	Trademark Baht	Patent Baht	Computer software Baht	Know-how Baht	Computer software under installation Baht	
<b>As at 1 January 2016</b>						
Cost	4,752,897	4,724,230	39,232,292	4,000,000	-	52,709,419
<u>Less</u> Accumulated amortisation	-	(2,232,920)	(19,253,865)	(3,767,671)	-	(25,254,456)
Net book amount	<u>4,752,897</u>	<u>2,491,310</u>	<u>19,978,427</u>	<u>232,329</u>	<u>-</u>	<u>27,454,963</u>
<b>For the year ended 31 December 2016</b>						
Opening net book amount	4,752,897	2,491,310	19,978,427	232,329	-	27,454,963
Additions	-	-	3,062,402	-	5,904,383	8,966,785
Amortisation charge (Note 35)	-	(472,423)	(4,201,258)	(232,327)	-	(4,906,008)
Closing net book value	<u>4,752,897</u>	<u>2,018,887</u>	<u>18,839,571</u>	<u>2</u>	<u>5,904,383</u>	<u>31,515,740</u>
<b>As at 31 December 2016</b>						
Cost	4,752,897	4,724,230	42,294,694	4,000,000	5,904,383	61,676,204
<u>Less</u> Accumulated amortisation	-	(2,705,343)	(23,455,123)	(3,999,998)	-	(30,160,464)
Net book amount	<u>4,752,897</u>	<u>2,018,887</u>	<u>18,839,571</u>	<u>2</u>	<u>5,904,383</u>	<u>31,515,740</u>
<b>For the year ended 31 December 2017</b>						
Opening net book amount	4,752,897	2,018,887	18,839,571	2	5,904,383	31,515,740
Additions	-	-	106,029	-	7,077,049	7,183,078
Transfer	-	-	7,270,000	-	(7,270,000)	-
Amortisation charge (Note 35)	-	(472,413)	(4,981,122)	-	-	(5,453,535)
Closing net book value	<u>4,752,897</u>	<u>1,546,474</u>	<u>21,234,478</u>	<u>2</u>	<u>5,711,432</u>	<u>33,245,283</u>
<b>As at 31 December 2017</b>						
Cost	4,752,897	4,724,230	49,670,723	4,000,000	5,711,432	68,859,282
<u>Less</u> Accumulated amortisation	-	(3,177,756)	(28,436,245)	(3,999,998)	-	(35,613,999)
Net book amount	<u>4,752,897</u>	<u>1,546,474</u>	<u>21,234,478</u>	<u>2</u>	<u>5,711,432</u>	<u>33,245,283</u>

20 Intangible assets (net) (Cont'd)

	Separate financial statements				Total Baht
	Trademark Baht	Patent Baht	Computer software Baht	Computer software under installation Baht	
<b>As at 1 January 2016</b>					
Cost	4,752,897	4,724,230	39,067,182	-	48,544,309
<u>Less</u> Accumulated amortisation	-	(2,232,920)	(19,212,362)	-	(21,445,282)
Net book amount	<u>4,752,897</u>	<u>2,491,310</u>	<u>19,854,820</u>	<u>-</u>	<u>27,099,027</u>
<b>For the year ended 31 December 2016</b>					
Opening net book amount	4,752,897	2,491,310	19,854,820	-	27,099,027
Additions	-	-	3,062,402	5,904,383	8,966,785
Amortisation charge (Note 35)	-	(472,423)	(4,184,709)	-	(4,657,132)
Closing net book value	<u>4,752,897</u>	<u>2,018,887</u>	<u>18,732,513</u>	<u>5,904,383</u>	<u>31,408,680</u>
<b>As at 31 December 2016</b>					
Cost	4,752,897	4,724,230	42,129,584	5,904,383	57,511,094
<u>Less</u> Accumulated amortisation	-	(2,705,343)	(23,397,071)	-	(26,102,414)
Net book amount	<u>4,752,897</u>	<u>2,018,887</u>	<u>18,732,513</u>	<u>5,904,383</u>	<u>31,408,680</u>
<b>For the year ended 31 December 2017</b>					
Opening net book amount	4,752,897	2,018,887	18,732,513	5,904,383	31,408,680
Additions	-	-	106,029	7,077,049	7,183,078
Transfer	-	-	7,270,000	(7,270,000)	-
Amortisation charge (Note 35)	-	(472,413)	(4,948,100)	-	(5,420,513)
Closing net book value	<u>4,752,897</u>	<u>1,546,474</u>	<u>21,160,442</u>	<u>5,711,432</u>	<u>33,171,245</u>
<b>As at 31 December 2017</b>					
Cost	4,752,897	4,724,230	49,505,613	5,711,432	64,694,172
<u>Less</u> Accumulated amortisation	-	(3,177,756)	(28,345,171)	-	(31,522,927)
Net book amount	<u>4,752,897</u>	<u>1,546,474</u>	<u>21,160,442</u>	<u>5,711,432</u>	<u>33,171,245</u>

21 Deferred tax (net)

Deferred taxes as at 31 December 2017 and 2016 comprise the following:

	Consolidated financial statements		Separate financial statements	
	2017 Baht	2016 Baht	2017 Baht	2016 Baht
<b>Deferred tax assets:</b>				
Deferred tax asset to be recovered within 12 months	3,095,407	3,162,521	2,191,885	2,545,234
Deferred tax asset to be recovered after more than 12 months	5,384,825	5,393,242	5,164,001	5,254,110
	<u>8,480,232</u>	<u>8,555,763</u>	<u>7,355,886</u>	<u>7,799,344</u>
<b>Deferred tax liabilities:</b>				
Deferred tax liabilities to be settled within 12 months	(416,653)	(638,595)	(414,960)	(624,120)
Deferred tax liabilities to be settled after more than 12 months	(350,336)	(762,236)	(350,336)	(762,236)
	<u>(766,989)</u>	<u>(1,400,831)</u>	<u>(765,296)</u>	<u>(1,386,356)</u>
Deferred tax assets (net)	<u>7,713,243</u>	<u>7,154,932</u>	<u>6,590,590</u>	<u>6,412,988</u>

The movement of deferred taxes for the year ended 31 December 2017 and 2016 comprises the following:

	Consolidated financial statements		Separate financial statements	
	2017 Baht	2016 Baht	2017 Baht	2016 Baht
Opening balance	7,154,932	7,306,063	6,412,988	6,187,530
Increase/(Decrease) to profit or loss (Note 36)	756,732	(148,506)	414,938	78,210
Increase/(Decrease) to other comprehensive income	(198,421)	(2,625)	(237,336)	147,248
Closing balance	<u>7,713,243</u>	<u>7,154,932</u>	<u>6,590,590</u>	<u>6,412,988</u>

21 Deferred tax (net) (Cont'd)

The movement of deferred taxes for the year ended 31 December 2017 and 2016 comprises the following: (Cont'd)

	Consolidated financial statements			
	1 January 2017 Baht	Increase/ (Decrease) to profit or loss Baht	Increase/ (Decrease) to other comprehensive income Baht	31 December 2017 Baht
<b>Deferred tax assets:</b>				
Allowance for doubtful accounts	656,105	-	-	656,105
Allowance for obsolete and slow-moving inventories	824,507	224,138	-	1,048,645
Gain on disposal of inventories among related companies	183,593	(136,263)	-	47,330
Provision for warranty	1,188,318	(173,536)	-	1,014,782
Employee benefit obligations	4,171,439	518,549	(198,421)	4,491,567
Asset under finance lease agreements				
- Hire purchase	1,128,820	(125,906)	-	1,002,914
Liability under finance lease agreements				
- Lease	402,981	(184,092)	-	218,889
	<u>8,555,763</u>	<u>122,890</u>	<u>(198,421)</u>	<u>8,480,232</u>
<b>Deferred tax liabilities:</b>				
Unrealised gain on financial instruments	(119,804)	115,051	-	(4,753)
Asset under finance lease agreements				
- Lease	(458,847)	169,825	-	(289,022)
Liability under finance lease agreements				
- Hire purchase	(822,180)	348,966	-	(473,214)
	<u>(1,400,831)</u>	<u>633,842</u>	<u>-</u>	<u>(766,989)</u>
	<u>7,154,932</u>	<u>756,732</u>	<u>(198,421)</u>	<u>7,713,243</u>

21 Deferred tax (net) (Cont'd)

The movement of deferred taxes for the year ended 31 December 2017 and 2016 comprises the following: (Cont'd)

	Consolidated financial statements			
	1 January 2016 Baht	Increase/ (Decrease) to profit or loss Baht	Increase/ (Decrease) to other comprehensive income Baht	31 December 2016 Baht
<b>Deferred tax assets:</b>				
Allowance for doubtful accounts	897,533	(241,428)	-	656,105
Allowance for obsolete and slow-moving inventories	1,396,516	(572,009)	-	824,507
Gain on disposal of inventories among related companies	279,977	(96,384)	-	183,593
Unrealised loss on financial instruments	21,273	(21,273)	-	-
Provision for warranty	1,351,849	(163,531)	-	1,188,318
Employee benefit obligations	3,224,426	949,638	(2,625)	4,171,439
Asset under finance lease agreements				
- Hire purchase	1,258,023	(129,203)	-	1,128,820
Liability under finance lease agreements				
- Lease	617,164	(214,183)	-	402,981
Tax loss	193,186	(193,186)	-	-
	<u>9,239,947</u>	<u>(681,559)</u>	<u>(2,625)</u>	<u>8,555,763</u>
<b>Deferred tax liabilities:</b>				
Unrealised gain on financial instruments	-	(119,804)	-	(119,804)
Asset under finance lease agreements				
- Lease	(674,827)	215,980	-	(458,847)
Liability under finance lease agreements				
- Hire purchase	(1,259,057)	436,877	-	(822,180)
	<u>1,933,884</u>	<u>533,053</u>	<u>-</u>	<u>(1,400,831)</u>
	<u>7,306,063</u>	<u>(148,506)</u>	<u>(2,625)</u>	<u>7,154,932</u>

21 Deferred tax (net) (Cont'd)

The movement of deferred taxes for the year ended 31 December 2017 and 2016 comprises the following: (Cont'd)

	Separate financial statements			31 December 2017 Baht
	1 January 2017 Baht	Increase/ (Decrease) to profit or loss Baht	Increase/ (Decrease) to other comprehensive income Baht	
<b>Deferred tax assets:</b>				
Allowance for doubtful accounts	460,805	-	-	460,805
Allowance for obsolete and slow-moving inventories	634,090	49,310	-	683,400
Provision for warranty	1,140,341	(421,206)	-	719,135
Employee benefit obligations	4,032,307	475,772	(237,336)	4,270,743
Asset under finance lease agreements				
- Hire purchase	1,128,820	(125,906)	-	1,002,914
Liability under finance lease agreements				
- Lease	402,981	(184,092)	-	218,889
	<u>7,799,344</u>	<u>(206,122)</u>	<u>(237,336)</u>	<u>7,355,886</u>
<b>Deferred tax liabilities:</b>				
Unrealised gain on financial instruments	(119,804)	116,744	-	(3,060)
Asset under finance lease agreements				
- Lease	(444,372)	155,350	-	(289,022)
Liability under finance lease agreements				
- Hire purchase	(822,180)	348,966	-	(473,214)
	<u>(1,386,356)</u>	<u>621,060</u>	<u>-</u>	<u>(765,296)</u>
	<u>6,412,988</u>	<u>414,938</u>	<u>(237,336)</u>	<u>6,590,590</u>

21 Deferred tax (net) (Cont'd)

The movement of deferred taxes for the year ended 31 December 2017 and 2016 comprises the following: (Cont'd)

	Separate financial statements			31 December 2016 Baht
	1 January 2016 Baht	Credits/ (debits) to profit or loss Baht	Credits/ (debits) to other comprehensive income Baht	
<b>Deferred tax assets:</b>				
Allowance for doubtful accounts	662,233	(201,428)	-	460,805
Allowance for obsolete and slow-moving inventories	1,255,705	(621,615)	-	634,090
Provision for warranty	1,303,872	(163,531)	-	1,140,341
Unrealised loss on financial instruments	21,273	(21,273)	-	-
Employee benefit obligations	2,971,123	913,936	147,248	4,032,307
Asset under finance lease agreements				
- Hire purchase	1,258,023	(129,203)	-	1,128,820
Liability under finance lease agreements				
- Lease	574,505	(171,524)	-	402,981
	<u>8,046,734</u>	<u>(394,638)</u>	<u>147,248</u>	<u>7,799,344</u>
<b>Deferred tax liabilities:</b>				
Unrealised gain on financial instruments	-	(119,804)	-	(119,804)
Asset under finance lease agreements				
- Lease	(600,147)	155,775	-	(444,372)
Liability under finance lease agreements				
- Hire purchase	(1,259,057)	436,877	-	(822,180)
	<u>(1,859,204)</u>	<u>472,848</u>	<u>-</u>	<u>(1,386,356)</u>
	<u>6,187,530</u>	<u>78,210</u>	<u>147,248</u>	<u>6,412,988</u>

Deferred income tax assets are recognised for tax loss and carry forwards only to the extent that realisation of the related tax benefit through the future taxable profits is probable. On 31 December 2017, the Group and the Company did not recognise deferred income tax assets in the consolidated and separate financial statements of Baht 22,602,338 and Baht 20,030,282 (2016 : Baht 19,226,658 and Baht 14,737,372), respectively in respect of losses in the consolidated and separate financial statements amounting to Baht 113,011,692 and Baht 100,151,408 (2016 : Baht 96,133,290 and Baht 73,686,858), respectively that can be carried forward against future taxable income. Losses comprise the following:

	Consolidated financial statements		Separate financial statements	
	2017 Baht	2016 Baht	2017 Baht	2016 Baht
Tax losses expired in				
- 2020	-	879,682	-	-
- 2021	86,547,142	95,253,608	73,686,858	73,686,858
- 2022	26,464,550	-	26,464,550	-
Total tax losses	<u>113,011,692</u>	<u>96,133,290</u>	<u>100,151,408</u>	<u>73,686,858</u>
Unrecognised deferred income tax assets	22,602,338	19,226,658	20,030,282	14,737,372

On 22 January 2016, the National Legislative Assembly approved the draft on Act to change the statutory corporate income tax rate in the Revenue Code from 30% to 20%. The change will be effective for companies and juristic partnerships with accounting periods beginning on or after 1 January 2016. Then deferred tax have been measured using tax rate of 20%.

22 Trade and other accounts payable

	Consolidated financial statements		Separate financial statements	
	2017 Baht	2016 Baht	2017 Baht	2016 Baht
Trade accounts payable				
- other companies	132,312,780	121,921,518	121,650,572	109,346,717
- related companies (note 38 b))	67,024,320	115,786,125	67,064,438	126,957,072
Other accounts payable				
- other companies	86,167,861	2,927,349	86,167,861	2,599,155
- related companies (note 38 b))	2,349,401	200,000	2,349,401	200,000
Accrued expenses				
- Accrued staff expenses	22,697,405	22,868,112	20,099,117	21,423,679
- Others accruals	13,425,188	12,366,458	12,952,472	11,863,728
Advance received from customer	247,568	513,499	247,568	513,499
Retention payable	3,952,529	3,509,052	3,952,529	3,509,052
Unearned revenue	-	15,000	-	15,000
	<u>328,177,052</u>	<u>280,107,113</u>	<u>314,483,958</u>	<u>276,427,902</u>

## 23 Bank overdrafts and short-term borrowings from financial institutions

Bank overdrafts and short-term borrowings from financial institutions as at 31 December 2017 and 31 December 2016 comprise the following:

Type of Short-term borrowings	Currency	Consolidated financial statements				2016			
		2017		Interest rate (% per annum)	Due within	2016		Interest rate (% per annum)	Due within
Foreign currency	Baht or equivalent	Foreign currency	Baht or equivalent			Foreign currency	Baht or equivalent		
Bank overdrafts	THB	-	54,749,704	6.87 - 8.50	-	-	5,116,703	7.12 - 7.68	-
			54,749,704				5,116,703		
Forward Contract	THB	-	757,096,000	4.20 - 6.25	January - December 2018	-	-	-	-
			757,096,000				-		
Trust receipts	THB	-	80,558,230	3.83 - 4.78	January - March 2018	-	30,147,688	2.25 - 5.25	April - June 2017
	USD	648,332	21,449,251	3.73 - 5.25	January - May 2018	681,032	24,518,847	4.88	March 2017
			102,007,481				54,666,535		
Bills of exchange	THB	-	52,312,080	5.75	March 2018	-	298,791,956	3.85 - 4.00	January - February 2017
			52,312,080				298,791,956		
Total			966,165,265				358,575,194		

The Group uses its land including construction (Note 19) and fixed deposit (Note 13) entitled to the Group as a collateral against these credit facilities.

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23 Bank overdrafts and short-term borrowings from financial institutions (Cont'd)

Bank overdrafts and short-term borrowings from financial institutions as at 31 December 2017 and 31 December 2016 comprise the following: (Cont'd)

Type of Short-term borrowings	Currency	Separate financial statements							
		2017				2016			
		Foreign currency	Baht or equivalent	Interest rate (% per annum)	Due within	Foreign currency	Baht or equivalent	Interest rate (% per annum)	Due within
Bank overdrafts	THB	-	48,217,202	6.87 - 8.50	-	-	2,831,534	7.12 - 7.68	-
			48,217,202				2,831,534		
Forward Contract	THB	-	747,096,000	4.20 - 4.78	January - December 2018	-	-	-	-
			747,096,000				-		
Trust receipts	THB	-	64,274,443	3.83 - 4.78	January - March 2018	-	29,112,687	2.25 - 4.78	April - May 2017
	USD	504,630	16,575,683	3.73	February 2018	681,032	24,518,847	4.88	March 2017
			80,850,126				53,631,534		
Bills of exchange	THB	-	52,312,080	5.75	March 2018	-	298,791,956	3.85 - 4.00	January - February 2017
			52,312,080				298,791,956		
Total			928,475,408				355,255,024		

The Group uses its land including construction (Note 19) and fixed deposit (Note 13) entitled to the Company as a collateral against these credit facilities.

23 Bank overdrafts and short-term borrowings from financial institutions (Cont'd)

The movement of short-term borrowings from financial institutions for the year ended 31 December 2017 is as follows:

	Consolidated financial statements						
	Bank overdrafts Baht	Promissory notes Baht	Trust receipts Baht	Bills of exchange			Total Baht
				Bills of exchange Baht	Deferred interest Baht	Bills of exchange (net) Baht	
Opening net book value	5,116,704	-	54,666,534	300,000,000	(1,208,044)	298,791,956	358,575,194
Additions	5,120,339,142	1,547,925,000	354,183,823	53,000,000	(1,477,222)	51,522,778	7,073,970,743
Repayments	(5,070,706,142)	(790,829,000)	(306,842,876)	(300,000,000)	-	(300,000,000)	(6,468,378,018)
Amortisation of deferred interest	-	-	-	-	1,997,346	1,997,346	1,997,346
Ending net book value	54,749,704	757,096,000	102,007,481	53,000,000	(687,920)	52,312,080	966,165,265

	Separate financial statements						
	Bank overdrafts Baht	Promissory notes Baht	Trust receipts Baht	Bills of exchange			Total Baht
				Bills of exchange Baht	Deferred interest Baht	Bills of exchange (net) Baht	
Opening net book value	2,831,534	-	53,631,534	300,000,000	(1,208,044)	298,791,956	355,255,024
Additions	4,636,233,313	1,518,695,000	330,907,920	53,000,000	(1,477,222)	51,522,778	6,537,359,011
Repayments	(4,590,847,645)	(771,599,000)	(303,689,328)	(300,000,000)	-	(300,000,000)	(5,966,135,973)
Amortisation of deferred interest	-	-	-	-	1,997,346	1,997,346	1,997,346
Ending net book value	48,217,202	747,096,000	80,850,126	53,000,000	(687,920)	52,312,080	928,475,408

23 Bank overdrafts and short-term borrowings from financial institutions (Cont'd)

The movement of short-term borrowings from financial institutions for the year ended 31 December 2016 is as follows:

	Consolidated financial statements						
	Bank overdrafts Baht	Promissory notes Baht	Trust receipts Baht	Bills of exchange		Total Baht	
				Bills of exchange Baht	Deferred interest Baht		Bills of exchange (net) Baht
Opening net book value	19,434,011	-	15,070,763	700,000,000	(4,940,758)	695,059,242	729,564,016
Additions	4,652,139,781	270,000,000	164,441,668	1,250,000,000	(18,768,558)	1,231,231,442	6,317,812,891
Repayments	(4,666,457,088)	(270,000,000)	(124,845,897)	(1,650,000,000)	-	(1,650,000,000)	(6,711,302,985)
Amortisation of deferred interest	-	-	-	-	22,501,272	22,501,272	22,501,272
Ending net book value	5,116,704	-	54,666,534	300,000,000	(1,208,044)	298,791,956	358,575,194
	Separate financial statements						
	Bank overdrafts Baht	Promissory notes Baht	Trust receipts Baht	Bills of exchange		Total Baht	
Bills of exchange Baht				Deferred interest Baht	Bills of exchange (net) Baht		
Opening net book value	16,184,506	-	15,070,763	700,000,000	(4,940,758)	695,059,242	726,314,511
Additions	4,565,157,355	270,000,000	162,197,545	1,250,000,000	(18,768,558)	1,231,231,442	6,228,586,342
Repayments	(4,578,510,327)	(270,000,000)	(123,636,774)	(1,650,000,000)	-	(1,650,000,000)	(6,622,147,101)
Amortisation of deferred interest	-	-	-	-	22,501,272	22,501,272	22,501,272
Ending net book value	2,831,534	-	53,631,534	300,000,000	(1,208,044)	298,791,956	355,255,024

23 Bank overdrafts and short-term borrowings from financial institutions (Cont'd)

As at 31 December 2017, unutilised credit facilities of the Group consist of:

Type	Consolidated financial statements				Separate financial statements			
	2017		2016		2017		2016	
	US Dollar	Baht	US Dollar	Baht	US Dollar	Baht	US Dollar	Baht
Bank overdrafts	-	29,064,768	-	78,169,800	-	28,597,269	-	73,454,970
Long-term borrowings	-	4,381,121	-	3,457,121	-	-	-	-
Short-term borrowings/bills of exchange	-	-	-	100,000,000	-	-	-	90,000,000
Letter of credit/trust receipts/domestic letter of credit	-	394,820,143	-	1,189,848,869	-	378,692,504	-	1,170,883,869
Foreign currencies forward contracts	7,279,350	1,304,449,141	4,764,198	1,298,773,669	6,923,917	1,294,449,141	4,364,198	1,288,373,669
Letter of bank guarantees	-	63,656,523	-	90,090,115	-	61,656,523	-	88,090,115

**The credit facilities and secured by:**

- 1) Mortgage of the Company and subsidiary's land including construction (Note 19)
- 2) Deposits at financial institutions under pledge (Note 13)
- 3) The insurance coverage on structures and assigned to the banks
- 4) The guarantee of certain directors and related parties
- 5) Mortgage of land and structures of certain related parties
- 6) Life insurance policy of related parties

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

**24 Long-term borrowings from financial institutions**

The movement of long-term borrowings from financial institutions for the year ended 31 December 2017 and 2016 comprises:

	Consolidated financial statements		Separate financial statements	
	2017 Baht	2016 Baht	2017 Baht	2016 Baht
Opening net book value for the year	2,542,879	3,460,047	-	-
Additions	-	-	-	-
Repayments	(924,000)	(917,168)	-	-
Ending net book value for the year	1,618,879	2,542,879	-	-
<u>Less</u> Current portion	(924,000)	(924,000)	-	-
	<u>694,879</u>	<u>1,618,879</u>	<u>-</u>	<u>-</u>

The Group has long-term borrowing from a financial institution in Thai Baht in the amount of Baht 6 million. This borrowing bears interest at the rate of MLR and interest is payable on a monthly basis. The principal is repayable in 84 equal - monthly installment of Baht 77,000 each, commencing April 2013. The Company has mortgaged its lands (Note 19) as collateral of this loans. As at 31 December 2017, the total outstanding borrowings amount is Baht 1,618,879 (31 December 2016 : Baht 2,542,879).

As at 31 December 2017 and 2016, fair value of certain long-term loan borrowing from a financial institution is close to long-term loan borrowing from a financial institution which was recorded at cost in the statements of financial position, as the impact of discounting is not significant.

**25 Liabilities under finance lease agreements (net)**

The Group had liabilities under finance lease agreements for vehicles which comprise the following:

	Consolidated financial statements		Separate financial statements	
	2017 Baht	2016 Baht	2017 Baht	2016 Baht
Liability under finance lease agreements	33,574,866	45,571,907	33,574,866	45,571,907
<u>Less</u> Future finance charges on finance lease	(2,409,226)	(4,267,745)	(2,409,226)	(4,267,745)
	31,165,640	41,304,162	31,165,640	41,304,162
<u>Less</u> Current portion	(10,643,617)	(10,138,522)	(10,643,617)	(10,138,522)
	<u>20,522,023</u>	<u>31,165,640</u>	<u>20,522,023</u>	<u>31,165,640</u>

Payment to be made in subsequent years are as follows:

Liabilities under finance lease agreements				
Within 1 year	11,967,711	11,997,041	11,967,711	11,997,041
More than 1 year but no longer than 5 years	21,607,155	33,574,866	21,607,155	33,574,866
	<u>33,574,866</u>	<u>45,571,907</u>	<u>33,574,866</u>	<u>45,571,907</u>

**26 Other current liabilities**

	Consolidated financial statements		Separate financial statements	
	2017 Baht	2016 Baht	2017 Baht	2016 Baht
Withholding tax payable	1,759,945	1,493,530	1,310,982	1,444,438
Social security payable	861,675	818,622	804,631	762,918
	<u>2,621,620</u>	<u>2,312,152</u>	<u>2,115,613</u>	<u>2,207,356</u>

## 27 Debenture (net)

Debenture (net) as at 31 December 2017 represented unsubordinated, unsecured debenture with name registered and without debenture holders' representative as follows:

	Consolidated financial statements		Separate financial statements	
	2017 Baht	2016 Baht	2017 Baht	2016 Baht
Debenture, net	299,403,916	298,810,868	299,403,916	298,810,868
<u>Less</u> Current portion of debenture, net	<u>(299,403,916)</u>	<u>-</u>	<u>(299,403,916)</u>	<u>-</u>
	<u>-</u>	<u>298,810,868</u>	<u>-</u>	<u>298,810,868</u>

The movements of the debenture for the year ended 31 December 2017 comprise the followings:

	Consolidated financial statements		Separate financial statements	
	2017 Baht	2016 Baht	2017 Baht	2016 Baht
Opening net book value	298,810,868	-	298,810,868	-
Cash received from debenture	-	300,000,000	-	300,000,000
Prepaid underwriting fee	-	(1,500,000)	-	(1,500,000)
Amortisation of prepaid underwriting fee	593,048	310,868	593,048	310,868
Closing net book value	<u>299,403,916</u>	<u>298,810,868</u>	<u>299,403,916</u>	<u>298,810,868</u>

At the Annual General Meeting of the Company's shareholders held on 21 April 2016, it was unanimously resolved to approve the issuance and offering of debenture not over than Baht 1,000 million.

Afterward, on 16 June 2016, the Company offered the unsubordinated, unsecured debenture with name registered and without bond holders' representative to public and/or institution investors at 300,000 units in par value of Baht 1,000 per unit aggregating to Baht 300 million. Interest was carried at the rate of 4.95% per annum. Moreover, interest is repaid quarterly. Debenture holds a lifespan of 2 years and 6 months and maturity on 16 December 2018.

In addition, the Company must comply with terms and conditions governing the rights and obligations of the issuer and the Debenture holders as stipulated in the Prospectus of the debenture.

As at 31 December 2017 and 2016, the fair value of debenture are Baht 300,659,664 and Baht 300,042,969, respectively. The fair value of debenture is based on the market price of debentures on the date of statement of financial position (Level 2 of the fair value hierarchy).

## 28 Employee benefit obligations

Employee benefit obligations as at 31 December 2017 and 2016 are as follows:

	Consolidated financial statements		Separate financial statements	
	2017 Baht	2016 Baht	2017 Baht	2016 Baht
Statement of financial position				
Retirement benefits	22,457,833	19,731,746	21,353,716	19,036,083
Liability in the statement of financial position	<u>22,457,833</u>	<u>19,731,746</u>	<u>21,353,716</u>	<u>19,036,083</u>
Profit or loss charge included in operating profit for:				
Retirement benefit	4,405,778	3,622,740	4,191,898	3,444,227
	<u>4,405,778</u>	<u>3,622,740</u>	<u>4,191,898</u>	<u>3,444,227</u>
Remeasurement for:				
Retirement benefit	(992,108)	(13,124)	(1,186,682)	736,240
	<u>(992,108)</u>	<u>(13,124)</u>	<u>(1,186,682)</u>	<u>736,240</u>
Payment from plan:				
Benefit payment	(687,583)	-	(687,583)	-
	<u>(687,583)</u>	<u>-</u>	<u>(687,583)</u>	<u>-</u>

28 Employee benefit obligations (Cont'd)

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

The movement of employee benefit obligations for the year ended 31 December 2017 and 2016 comprises:

	Consolidated financial statements		Separate financial statements	
	2017 Baht	2016 Baht	2017 Baht	2016 Baht
At 1 January	19,731,746	16,122,130	19,036,083	14,855,616
Current service cost	3,762,882	3,159,898	3,580,032	3,006,814
Interest expense	642,896	462,842	611,866	437,413
	4,405,778	3,622,740	4,191,898	3,444,227
Remeasurements:				
(Gain)/loss from change in demographic assumptions	(420,651)	(706,449)	(390,640)	(50,147)
(Gain)/loss from change in financial assumptions	(2,422,842)	871,329	(2,331,268)	711,168
Experience (gain)/loss	1,851,385	(178,004)	1,535,226	75,219
	(992,108)	(13,124)	(1,186,682)	736,240
Payment from plans:				
Benefit payment	(687,583)	-	(687,583)	-
At 31 December	22,457,833	19,731,746	21,353,716	19,036,083

Significant assumptions used in calculation of liability for post-employment benefits are as follows:

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
The discount rate	3.59% - 3.62%	2.49 - 2.81%	3.62%	2.49%
The assumed increasing salary rate	5.00%	5.00%	5.00%	5.00%
The personnel turnover rate	5.00 - 30.00%	5.00 - 30.00%	5.00 - 30.00%	5.00 - 30.00%
The mortality rate	50% of Thai Mortality Table (year 2008)			
The disability rate	10% of Thai Mortality Table (year 2008)			

Through its defined benefit retirement benefit plans, the group is exposed to a number of risks, the most significant of which are detailed below:

Changes in bond yields. A decrease in Zero bond yields will increase plan liabilities.

Sensitivity analysis for significant assumptions disclosed is as follows. :

	Consolidated financial statements					
	Impact on defined benefit obligation					
	Change in assumption		Increase in assumption		Decrease in assumption	
	2017	2016	2017	2016	2017	2016
Discount rate	1%	1%	Decrease by 10.03%	Decrease by 11.15%	Increase by 11.75%	Increase by 13.23%
Salary growth rate	1%	1%	Increase by 13.92%	Increase by 12.44%	Decrease by 11.93%	Decrease by 10.57%
	Separate financial statements					
	Impact on defined benefit obligation					
	Change in assumption		Increase in assumption		Decrease in assumption	
	2017	2016	2017	2016	2017	2016
Discount rate	1%	1%	Decrease by 9.85%	Decrease by 10.97%	Increase by 11.51%	Increase by 12.99%
Salary growth rate	1%	1%	Increase by 13.70%	Increase by 12.20%	Decrease by 11.75%	Decrease by 10.57%

## 28 Employee benefit obligations (Cont'd)

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the retirement liability recognised within the statement of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

The weighted average duration of the defined benefit obligation is 15.69 years (2016 : 16.65 years).

Expected maturity analysis of undiscounted retirement benefits:

	Consolidated financial statements				
	Under 1 year Baht	Between 1 - 5 years Baht	Between 5 - 10 years Baht	Over 10 years Baht	Total Baht
<b>At 2017</b>					
Retirement benefits	205,826	4,324,451	19,646,844	75,080,535	99,257,656
<b>At 2016</b>					
Retirement benefits	491,250	3,100,453	12,684,551	65,648,547	81,924,801
	Separate financial statements				
	Under 1 year Baht	Between 1 - 5 years Baht	Between 5 - 10 years Baht	Over 10 years Baht	Total Baht
<b>At 2017</b>					
Retirement benefits	205,826	4,324,451	19,370,726	68,861,578	92,762,581
<b>At 2016</b>					
Retirement benefits	491,250	3,100,453	12,551,927	61,457,336	77,600,966

The Group use the cash flows from operating activities to pay the retirement and other long-term benefits.

## 29 Share capital and premium on treasury shares

Share capital as at 31 December comprises the following:

	Consolidated and Separate financial statements				
	Authorised share capital shares	Baht	Issued and fully paid-up shares	Baht	Share premium Baht
As at 31 December 2015	1,080,000,000	270,000,000	824,510,700	206,127,675	317,327,131
Decrease share capital (Note 29.1.1)	(100,020)	(25,005)	-	-	-
Increase share capital (Note 29.2)	107,989,998	26,997,500	-	-	-
Stock dividend (Note 30)	-	-	91,643,225	22,910,806	-
Warrant exercised (Note 29.3)	-	-	266,787,848	66,696,962	58,576,717
As at 31 December 2016	1,187,889,978	296,972,495	1,182,941,773	295,735,443	375,903,848
Decrease share capital (Note 29.1.2)	(4,948,205)	(1,237,052)	-	-	-
As at 31 December 2017	1,182,941,773	295,735,443	1,182,941,773	295,735,443	375,903,848

The Company's authorised share capital as at 31 December 2017 comprises 1,182,941,773 ordinary shares (31 December 2016 : 1,187,889,978 ordinary shares) of Baht 0.25 each (31 December 2016 : Baht 0.25 each).

**29 Share capital and premium on treasury shares (Cont'd)**

**29.1 Decrease share capital**

**29.1.1 Decrease share capital during the year ended 31 December 2016**

At the Annual General Shareholders Meeting's Meeting No. 1/2016 held on 21 April 2016, the shareholders passed a resolution to decrease the registered share capital from 1,080,000,000 ordinary shares with a par value of Baht 0.25 per share, totalling Baht 270,000,000 to 1,079,899,980 ordinary shares with a par value of Baht 0.25 per share, totalling Baht 269,974,995 by cancelling unissued and unreserved for exercising the right of the warrant for 100,020 ordinary shares at par value of Baht 0.25 per share, totalling Baht 25,005.

The Company registered a decreasing in registered share capital with the Department of Business Development, Ministry of Commerce on 10 May 2016.

**29.1.2 Decrease share capital during the year ended 31 December 2017**

At the Annual General Shareholders Meeting's Meeting No. 1/2017 held on 20 April 2017, the shareholders passed a resolution to decrease the registered share capital from 1,182,941,773 ordinary shares with a par value of Baht 0.25 per share, totaling Baht 295,735,443 by cancelling unissued shares which left over from dividends payment and unreserved for exercising the right of the warrant for 4,948,205 ordinary shares at par value of Baht 0.25 per share, totaling Baht 1,237,052.

The Company registered a decreasing in registered share capital with the Department of Business Development, Ministry of Commerce on 25 May 2017.

**29.2 Increase share capital**

At the Annual General Shareholders Meeting's Meeting No. 1/2016 held on 21 April 2016, the Board passed a resolution approving the increasing registered share capital and warrants for such new ordinary shares by increasing of the Company's registered capital from 1,079,899,980 shares with a par value of Baht 0.25 per share, totalling Baht 269,974,995 to new registered capital of 1,187,889,978 ordinary shares with a par value of Baht 0.25 per share totalling Baht 296,972,495, by issuing new 107,989,998 ordinary shares at par value of Baht 0.25 per share, totalling Baht 26,997,500. The details of which are as follows:

Allotted to	Number (shares)	Ratio (old : new)	Par value (Baht)
Reserve for stock dividends allotted to the existing shareholders	107,989,998	10 existing shares : 1 new ordinary share	Baht 0.25

The Company registered an increasing in registered share capital with Department of Business Development on 11 May 2016.

**29.3 Warrants**

The Company issued and offered 360,000,000 units of free warrants on 28 October 2013 to the existing shareholders on the basis of 2 ordinary shares for 1 unit of warrant.

As at 20 November 2013, the Stock Exchange of Thailand has granted the Company's warrants 359,899,980 units status as a listed stock and permitted the warrants to be traded on the Market for Alternative Investment (MAI).

At the Annual General Shareholders Meeting's Meeting No. 1/2016 held on 21 April 2016, the shareholders passed a resolution approving the adjustment in right of exercise ratio and exercise price in warrants to purchase ordinary shares No. 1 (CHO-W1) according to the share dividend payment (Note 30) met the condition allowing the Company to adjust the right of exercise ratio and exercise price in warrants. The details are as follows:

Description	Previous Right	After Adjusted Right
Exercise ratio	1 warrant per 1 ordinary share	1 warrant per 1.1 ordinary share
Exercise price	Baht 0.50 per share	Baht 0.454 per share

**29 Share capital and premium on treasury shares (Cont'd)**

**29.3 Warrants (Cont'd)**

The details of warrants to purchase ordinary shares No. 1 (CHO-W1) are as follows:

Exercise ration : 1 unit of warrant to 1.1 new ordinary share (the exercise ration may from time to time be changed in accordance with the adjustment provisions of the warrants).

Exercise price : Baht 0.454 per share (the exercise price may from time to time be change in accordance with the adjustment provisions of the warrants).

Exercise period : The warrants shall be exercisable, in whole or in part, after the one year of the issuing date of the warrants. The exercise date shall be the last business day of March, June, September and December of every year. The first exercise date is on 30 December 2014 and the last exercise date is on 27 October 2016

On 31 December 2014, the warrants holders exercised their warrants for 45,461,300 ordinary shares, totalling paid-up capital of Baht 22,710,359 (net of related expenses incurred for exercising of warrants in amount of Baht 20,291) and it was recorded be advance received on 31 December 2014. The Company registered those warrants with the Department of Business Development Ministry of Commerce on 7 January 2015.

During the year ended 31 December 2015, the warrants holders expressed the desire to exercise their warrants for 148,451,500 ordinary shares, totalling paid-up capital of Baht 74,062,006 (net of related expenses incurred for exercising of warrants in amount of Baht 163,744). The exercised warrants for 59,049,400 ordinary shares, totalling paid-up capital of Baht 29,384,205 were registered with the Department of Business Development Ministry of Commerce on 3 April 2015, 2 July 2015 and 6 October 2015. As at 31 December 2015, the rest of warrants for 89,402,100 ordinary shares, totalling paid-up capital of Baht 44,677,801 were recorded as advance received from share subscription. The Company registered those warrants with the Department of Business Development Ministry of Commerce on 7 January 2016.

During the year ended 31 December 2016, the warrants holders expressed the desire to exercise their warrants for 177,385,748 ordinary shares, totalling paid-up capital of Baht 80,595,878 (net of related expenses incurred for exercising of warrants in amount of Baht 141,129). As at 31 December 2016, warrants for 177,385,748 ordinary shares, totalling paid-up capital of Baht 80,737,007, are registered with the Department of Business Development Ministry of Commerce on 5 April 2016, 8 July 2016 and 2 November 2016.

As at 31 December 2017 and 2016, there is no outstanding balance of unexercised warrants to purchase ordinary shares (CHO-W1) as due to unexercised warrants of 4,324,491 units have been expired since 27 October 2016.

**30 Dividends payment and legal reserve**

The Company paid dividends for the year 2016 by issuing 91.64 million new ordinary shares of par Baht 0.25 per share to the existing shareholders in ratio of 10 existing share to 1 new ordinary share, totaling Baht 22.91 million, or equivalent to Baht 0.0250 per share and paying in cash at Baht 0.0058 per share, totalling Baht 5.32 million. The Company paid dividend amounting to Baht 28,214,995 to shareholders on 19 May 2016. As at 31 December 2016, the Company has dividend payable amounting to Baht 9,421.

**31 Legal reserve**

	<b>Consolidated and Separate financial statements</b>	
	<b>2017 Baht</b>	<b>2016 Baht</b>
Opening balance	6,820,000	6,820,000
Appropriation during the year	-	-
Ending balance	<u>6,820,000</u>	<u>6,820,000</u>

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

**32 Non-controlling interest**

	<b>Consolidated financial statements</b>	
	<b>2017 Baht</b>	<b>2016 Baht</b>
Opening balance	2,804	4,974
Share of net profit(loss) of subsidiary	760	(2,170)
Ending balance	<u>3,564</u>	<u>2,804</u>

**33 Other income**

	<b>For the years ended 31 December</b>			
	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<b>2017 Baht</b>	<b>2016 Baht</b>	<b>2017 Baht</b>	<b>2016 Baht</b>
Other service income	7,078,591	6,646,238	12,580,387	10,559,687
Interest income	394,683	4,207,916	5,797,070	8,723,289
Other income	2,438,748	1,427,727	4,072,617	1,258,958
	<u>9,912,022</u>	<u>12,281,881</u>	<u>22,450,074</u>	<u>20,541,934</u>

**34 Finance cost**

	<b>For the years ended 31 December</b>			
	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<b>2017 Baht</b>	<b>2016 Baht</b>	<b>2017 Baht</b>	<b>2016 Baht</b>
Interest expense for borrowings from financial institutions	33,802,725	28,051,953	32,938,509	27,473,164
Interest expense for liability under finance lease agreement	1,858,519	2,367,053	1,858,519	2,364,906
Interest expense for debenture	14,380,876	7,970,868	14,380,876	7,970,868
Amortisation of prepaid underwriting fee for debenture	593,048	310,868	593,048	310,868
	<u>50,635,168</u>	<u>38,700,742</u>	<u>49,770,952</u>	<u>38,119,806</u>

**35 Expense by nature**

The following expenditure items, classified by nature, have been charged in arriving at the operating profit for the year ended 31 December:

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<b>2017 Baht</b>	<b>2016 Baht</b>	<b>2017 Baht</b>	<b>2016 Baht</b>
Change in inventories of finished goods and work in process	(44,826,676)	(16,053,698)	(47,950,320)	(5,888,470)
Raw material and consumables used	1,172,762,991	716,643,322	918,154,469	693,297,578
Staff costs	204,771,345	170,404,179	200,522,416	159,285,992
Depreciation and amortisation	50,878,943	38,929,640	44,569,281	32,112,465
Transportation expenses	5,681,581	6,464,863	5,459,541	5,951,913

36 Income tax

Reconciliations of income tax for the years ended 31 December 2017 and 2016 are as follows:

	Consolidated financial statements		Separate financial statements	
	2017 Baht	2016 Baht	2017 Baht	2016 Baht
<b>Current income tax:</b>				
Current income tax on taxable profit for the year	-	-	-	-
Adjustments over recorded income tax of prior year	-	1,439,106	-	1,439,106
Total current income tax	-	1,439,106	-	1,439,106
<b>Deferred income tax:</b>				
Origination and reversal of temporary differences (Note 21)	756,732	(148,506)	414,938	78,210
Income tax	756,732	1,290,600	414,938	1,517,316
	Consolidated financial statements		Separate financial statements	
	2017 Baht	2016 Baht	2017 Baht	2016 Baht
Loss before tax accounting base	(20,257,775)	(92,578,822)	(28,082,183)	(70,918,339)
Tax calculated at a tax rate of 20%	4,051,555	18,515,764	5,616,437	14,183,667
Tax effect of:				
Expenses not deductible for tax purpose	(82,206)	(766,068)	(82,206)	(625,661)
Additional expenses deductible for tax purpose	173,617	1,080,230	173,617	1,080,230
Recognition of unrecognised deferred tax on loss	(5,292,910)	(18,792,036)	(5,292,910)	(14,560,026)
Written off deferred tax assets on tax loss carry forward	-	(193,186)	-	-
Temporary differences for which no deferred tax asset was recognised	17,814	6,790	-	-
Utilisation of previously unrecognised tax losses	1,917,230	-	-	-
Share of loss from associates in equity method	(28,368)	-	-	-
Adjustments over record income tax of prior year	-	1,439,106	-	1,439,106
Income tax	756,732	1,290,600	414,938	1,517,316

**37 Loss per share**

**Basic loss per share**

Basic loss per share is calculated by dividing the profit attributable to shareholders by the weighted average number of ordinary shares in issue during the year.

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Net profit (loss) attributable to equity holders of the parent (Baht)	(19,501,818)	(91,285,991)	(27,667,245)	(69,401,023)
Weighted average number of ordinary shares in issue during the year (Number of shares)	1,182,941,773	1,042,753,891	1,182,941,773	1,042,753,891
Basic loss per share (Baht)	<u>(0.0165)</u>	<u>(0.0875)</u>	<u>(0.0234)</u>	<u>(0.0666)</u>

There are no potential dilutive ordinary shares in issue for the years.

**38 Related party transactions**

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the Company, including holding companies, subsidiaries and fellow subsidiaries are related parties of the Company. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the enterprise, key management personnel, including directors and officers of the Company and close members of the family of these individuals and companies associated with these individuals also constitute related parties.

As at 31 December 2017, Taweesaengsakulthai family together held 48.86% of shares of the Company. The remaining 51.14% of the shares are widely held.

As at 31 December 2016, Taweesaengsakulthai family together held 52.24% of shares of the Company. The remaining 47.76% of the shares are widely held.

**38 Related party transactions (Cont'd)**

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

The significant investments in subsidiary and associates are disclosed in Notes 15 and 14

Relationship between company and related parties:

<b>Company and party</b>	<b>Type of business</b>	<b>Relationships</b>
Cho Thavee Thermo Tech Co., Ltd.	Manufacturing, fabrication, assembly for panel and container	Subsidiary
KLRT Co., Ltd.	Transportation, goods transportation and passenger	Associates
Joint Venture TSP-CTV	Trading and installation of electric lighting and electrical equipment	Joint operations
Joint Venture JVCC	Manufacturing, assembly and maintenance for NGV Bus	Joint operations
Lekise & Cho Thavee Joint Venture	Installation of electric system and LED lighting	Joint operations
JVCKK Joint Venture	Building of shelter for offshore patrol vessels (OPVs)	Joint operations
JVOPV Joint Venture	Producing of blocks for offshore patrol vessels (OPVs)	Joint operations
Joint Venture CKKM	Designing and building of TRAM	Joint operations
Thaveeseangthai Co., Ltd.	Trading of vehicles and industrial equipment	Common-shareholders and directors
Bangkok CTV. Intertrade Co., Ltd.	Manufacturing and export of home appliance	Common-shareholders and directors
Khon Kaen Cho Thavee (1993) Co., Ltd.	Manufacturing and trading of trailer	Common-shareholders and directors
A P S Multi-Trade Co., Ltd.	Trading of agricultural machinery and equipment	Common-shareholders and directors
O J Development Co., Ltd.	Rental retail area	Common-shareholders and directors
CH. Ruamthavee (Laksi) Co., Ltd.	Trading of vehicles - retail	Common-shareholders and directors
Khon Kaen City Development (KKT) Co., Ltd.	Raise fund for mass transportation system construction in Khon Kaen	Common-shareholders and directors
Ruamthavee Motor Sales Co., Ltd.	Sales, buy, exchange of vehicle and spare parts	Common-directors
Ruamthavee Khonkaen Co., Ltd.	Trading of truck and trailer	Common-directors
Cho Ruamthavee Leasing and Real Estate Co., Ltd.	Leasing, sales and exchange of vehicle and house	Common-directors
Tang Hua Singh Nakhonpathom Ltd., Partnership	Trading and repair of truck and trailer and trading of spare parts	Common-partnerships
Volrep Truck and Bus Co., Ltd.	Trading of vehicles	Common-shareholders
Bangchak Bioethanol (Chachoengsao) Co., Ltd.	Manufacture and trading of other chemical products and ethanol	Common-directors
Ubon Bio Ethanol Co., Ltd.	Manufacture of other chemical products and ethanol	Common-directors
Smart Consulting and Services Co., Ltd.	Accounting service, audit service and accounting consultation	Common-directors

**38 Related party transactions (Cont'd)**

Relationship between company and related parties: (Cont'd)

<b>Company and party</b>	<b>Type of business</b>	<b>Relationships</b>
Freedom Media for Reform Co., Ltd.	Trading of newspaper, magazine and stationeries	Common-directors
Apex Development Public Co., Ltd.	Construction and development of real estate for sale	Common-directors
Thaveesaengthai Nongrue Rice Mill Ltd., Partnership	Rice milling	Common-directors
Star Universal Network Public Co., Ltd.	Manufacture of ceramic sanitary fixtures	Common-directors
KKTT Holding Co., Ltd.	Transportation, goods transportation and passenger	Common-shareholders and directors
Ms. Aussana Taweesaengsakulthai	-	The Company's shareholder

The pricing policies for particular types of transactions are explained further below:

<b>Type of transactions</b>	<b>Pricing policies</b>
Contract revenue, revenue from sales and rendering of services	Agreed price
Purchase and sales of fixed assets intangible assets	Agreed price
Purchase of materials	Agreed price
Managements, rental and other income	Contract price and/or agreed price
Rental expense	Contract price
Interest income and interest expense	7% per annum

a) Related party transactions for the year ended 31 December 2017 and 2016

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<b>2017 Baht</b>	<b>2016 Baht</b>	<b>2017 Baht</b>	<b>2016 Baht</b>
<b>Subsidiary</b>				
Contract revenue	-	-	180,600	-
Revenue from sale and rendering of services	-	-	234,796,142	2,774,079
Management fee income	-	-	2,861,796	2,566,800
Rental income	-	-	2,640,000	2,640,000
Interest income	-	-	5,429,593	4,515,373
Other income	-	-	1,742,272	1,273,449
Purchase of materials	-	-	(27,018,205)	(54,167,304)
Rental expense	-	-	(40,000)	(48,000)
<b>Related parties</b>				
Revenue from contract work	276,886,003	-	273,282,488	-
Revenue from sale and rendering of services	68,731,878	73,584	757,693	73,584
Management fee income	5,783,679	3,829,177	5,783,679	3,829,177
Rental income	654,000	360,000	654,000	360,000
Interest income	-	-	-	-
Revenue from sale on fixed asset	43,299	38,116	43,299	38,116
Other income	-	-	-	-
Purchase of materials	(268,948,123)	(118,623,012)	(268,948,123)	(118,623,012)
Rental expense	(1,812,000)	(252,000)	(1,560,000)	-
Other expense	(4,251,803)	(5,467,183)	(4,251,803)	(5,239,197)
<b>Key management compensation</b>				
- Short-term employee benefits	17,175,995	17,580,343	17,175,995	17,580,343
- Retirement benefits	815,568	675,462	815,568	675,462

38 Related party transactions (Cont'd)

- b) Outstanding balance arising from sale/purchases of goods and services and others as at 31 December 2017 and 2016 is as follows:

	Consolidated financial statements		Separate financial statements	
	2017 Baht	2016 Baht	2017 Baht	2016 Baht
<b>Trade accounts receivable (Note 8)</b>				
<u>Subsidiary</u>	-	-	6,231,255	977,744
<u>Related parties</u>				
Volrep Truck and Bus Co., Ltd.	230,728	-	230,728	-
Ruamthavee Khonkaen Co., Ltd.	5,250	27,692	5,250	27,692
Khon Kaen Cho Thavee (1993) Co., Ltd.	139,234,603	-	73,077,335	-
Khon Kaen City Development (KKT) Co., Ltd.	-	128,400	-	128,400
Tung Huan Sing Nakornprathom	86,154	-	86,154	-
<b>Total</b>	<b>139,556,735</b>	<b>156,092</b>	<b>79,630,722</b>	<b>1,133,836</b>
<b>Interest receivable from subsidiary (Note 8)</b>	-	-	1,218,218	-
<b>Other accounts receivable (Note 8)</b>				
<u>Subsidiary</u>	-	-	-	195,780
<u>Related parties</u>				
Volrep Truck and Bus Co., Ltd.	31,770	669	31,770	669
Joint venture TSP-CTV	1,745,798	910,886	1,745,798	910,886
Khon Kaen Cho Thavee (1993) Co., Ltd.	14,560	-	14,560	-
Khon Kaen City Development (KKT) Co., Ltd.	139,100	-	139,100	-
<b>Total</b>	<b>1,931,228</b>	<b>911,555</b>	<b>1,931,228</b>	<b>1,107,335</b>
<b>Advance payment (Note 8)</b>				
<u>Subsidiary</u>	-	-	-	-
<u>Related parties</u>				
Joint venture TSP-CTV	10,950	10,950	10,950	10,950
<b>Total</b>	<b>10,950</b>	<b>10,950</b>	<b>10,950</b>	<b>10,950</b>
<b>Trade accounts payable (Note 22)</b>				
<u>Subsidiary</u>	-	-	40,118	11,170,947
<u>Related parties</u>				
Khon Kaen Cho Thavee (1993) Co., Ltd.	348,500	284,300	348,500	284,300
Ruamthavee Khonkaen Co., Ltd.	35,324,393	-	35,324,393	-
Ruamthavee Showroom Co., Ltd.	25,898	2,492,535	25,898	2,492,535
Volrep Truck and Bus Co., Ltd.	718,139	54,740	718,139	54,740
Tang Hua Singh Nakhonpathom Ltd. Partnership	30,607,390	112,954,550	30,607,390	112,954,550
<b>Total</b>	<b>67,024,320</b>	<b>115,786,125</b>	<b>67,064,438</b>	<b>126,957,072</b>
<b>Other accounts payables (Note 22)</b>				
<u>Subsidiary</u>	-	-	-	-
<u>Related parties</u>				
Khon Kaen Cho Thavee (1993) Co., Ltd.	1,526,034	-	1,526,034	-
Ms. Aussana Taveesangsakulthai	200,000	200,000	200,000	200,000
Mr. Suradech Taveesangsakulthai	623,367	-	623,367	-
<b>Total</b>	<b>2,349,401</b>	<b>200,000</b>	<b>2,349,401</b>	<b>200,000</b>

**38 Related party transactions (Cont'd)**

- c) The movement of short-term loans to subsidiary for the years ended 31 December 2017 and 2016 comprises:

	Consolidated financial statements		Separate financial statements	
	2017 Baht	2016 Baht	2017 Baht	2016 Baht
Opening balance	-	-	70,924,297	58,600,000
Additions	-	-	89,700,000	24,963,762
Repayments	-	-	(72,701,940)	(12,639,465)
Ending balance	-	-	87,922,357	70,924,297

At 31 December 2017 and 2016, outstanding short-term loans to subsidiary represent unsecured short-term loans denominated in Thai Baht and bear interest at the rate 7.00%. The loans are due for settlement at call.

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

**39 Commitments**

- a) **Forward foreign currency exchange contracts**

At 31 December 2017 and 2016, the settlement dates on open forward contracts ranged between 1 month and 7 months. The local currency amounts to be received and contractual exchange rates of the outstanding contracts were:

Foreign currency	Consolidated financial statements					
	Contract amount		Contract rate		2017 Baht	2016 Baht
	2017	2016	2017	2016		
<b>Buying forward contract</b>						
USD	201,802	100,000	32.62 - 33.09	35.65	6,593,355	3,565,000
EUR	205,437	154,202	39.28 - 39.50	38.11 - 38.91	8,083,117	5,920,242
CNY	-	300,000	-	5.06	-	1,517,182
SGD	350,000	-	24.20 - 24.25	-	8,480,000	-
Contract value					23,156,472	11,002,424
Fair value					23,196,652	11,001,708
Unrealised gain (loss) from financial instrument					40,180	(716)
<b>Selling forward contract</b>						
USD	6,736	417,455	33.37	35.66 - 35.86	224,780	14,962,927
EUR	355,955	309,616	38.90 - 39.46	39.50 - 39.68	13,918,871	12,255,812
Contract value					14,143,651	27,218,739
Fair value					14,160,067	26,619,004
Unrealised gain (loss) from financial instrument					(16,416)	599,735
Financial instrument assets (liabilities)					23,764	599,019

39 Commitments (Cont'd)

a) Forward foreign currency exchange contracts (Cont'd)

Foreign currency	Separate financial statements					
	Contract amount		Contract rate		2017 Baht	2016 Baht
	2017	2016	2017	2016		
<b>Buying forward contract</b>						
USD	100,000	100,000	32.62	35.65	3,262,000	3,565,000
EUR	205,437	154,202	39.28 - 39.50	38.11 - 38.91	8,083,117	5,920,242
CNY	-	300,000	-	5.06	-	1,517,182
SGD	350,000	-	24.20 - 24.25	-	8,480,000	-
Contract value					19,825,117	11,002,424
Fair value					19,856,834	11,001,708
Unrealised gain (loss) from financial instrument					31,717	(716)
<b>Selling forward contract</b>						
USD	6,736	417,455	33.37	35.66 - 35.86	224,780	14,962,927
EUR	355,955	309,616	38.90 - 39.46	39.50 - 39.68	13,918,871	12,255,812
Contract value					14,143,651	27,218,739
Fair value					14,160,067	26,619,004
Unrealised gain (loss) from financial instrument					(16,416)	599,735
Financial instrument assets (liabilities)					15,301	599,019

The fair value of foreign exchange forward contracts is determined by using rates quoted by Group's counter parties to terminate the contracts at 31 December 2017 and 2016 and are within level 2 of the fair value hierarchy.

b) Commitments under letter of guarantee

In the course of its business, the Company provides guarantees and letter of credit generally through the banks to its suppliers for the performance bond and electricity.

As at 31 December 2017 and 2016, the bank guarantees issued on behalf of the Company were outlined below:

	Consolidated and Separate financial statements	
	2017 Baht	2016 Baht
Performance bond	350,152,536	102,447,703
Electricity	1,200,000	1,200,000
	351,352,536	103,647,703

39 Commitments (Cont'd)

c) Commitments under unused letter of credits

The Bank provides letter of credit generally through to its suppliers for the purchases of merchandise.

As at 31 December 2017 and 2016 the letter of credits issued on behalf of the Company were outlined below:

	Consolidated financial statements			
	2017		2016	
	Foreign currency	Baht or Baht equivalent	Foreign currency	Baht or Baht equivalent
Unused letter of credits	EUR 306,620	12,078,927	EUR 236,966	9,036,980
	CNY 33,866	171,939	CNY 3,537,720	18,454,516
	USD 3,294,816	108,225,477	-	-
	SGD 428,400	10,594,075	-	-
		<u>131,070,418</u>		<u>27,491,496</u>
	Separate financial statements			
	2017		2016	
	Foreign currency	Baht or Baht equivalent	Foreign currency	Baht or Baht equivalent
Unused letter of credits	EUR 306,620	12,078,927	EUR 236,966	9,036,980
	CNY 33,866	171,939	CNY 3,537,720	18,454,516
	USD 3,276,390	107,620,238	-	-
	SGD 428,400	10,594,075	-	-
		<u>130,465,179</u>		<u>27,491,496</u>

d) Commitments under agreements

As at 31 December 2017 and 2016, the Group and the Company had operating lease commitments in respect of rental of land and buildings, vehicle and others which have obligation to pay under non-cancellable operating lease agreements as following:

	Consolidated	Separate
	financial statements	financial statements
	2017	2017
	Baht	Baht
<b>Due within the years ending</b>		
31 December 2018	5,176,700	4,876,700
31 December 2019	3,164,500	3,116,500
31 December 2020	2,254,700	2,234,700
	<u>10,595,900</u>	<u>10,227,900</u>
	Consolidated	Separate
	financial statements	financial statements
	2016	2016
	Baht	Baht
<b>Due within the years ending</b>		
31 December 2017	6,699,200	6,431,200
31 December 2018	2,919,700	2,919,700
31 December 2019	2,308,000	2,308,000
	<u>11,926,900</u>	<u>11,658,900</u>

**39 Commitments (Cont'd)**

**e) Capital commitment**

Capital expenditure contracted as at 31 December 2017 and 2016 but not recognised in the financial information is as follows:

	Consolidated financial information		Separate financial information	
	2017 Baht	2016 Baht	2017 Baht	2016 Baht
Equipment for E - ticket project	240,872,863	-	240,872,863	-
Computer software for E - ticket project	18,960,000	-	18,960,000	-
Plant and equipment	-	6,515,612	-	6,515,612
Computer software	-	1,740,000	-	1,740,000
	<b>259,832,863</b>	<b>8,255,612</b>	<b>259,832,863</b>	<b>8,255,612</b>

**40 Share-based payment**

During 2014, the major shareholder of the Group expressed the desire to give warrants to selected employees of the Group with no condition. Management found that such event shall fall within Thai Financial Reporting Standard no. 2, share-based payment, which resulted in the increase in share-based payment expenses in the financial statements of the Group. The major shareholder of the Group expressed the desire to give the warrants to employees of parent company and its subsidiary in 6,905,100 warrants and 496,300 warrants, respectively, totaling 7,401,400 warrants. The result of expressing increased the share-based payment expenses in the consolidated and company statements of comprehensive income for the year ended 31 December 2014 in amount of Baht 29,013,488 and Baht 27,067,992, respectively and share premium from share-based payment in the consolidated and separate statement of financial position as at 31 December 2014 in amount of Baht 29,013,488 and Baht 27,067,992, respectively.

**41 Promotional privileges**

The Group received the following promotional privileges from the Board of Investment as follows:

Company	BOI Certificate No.	Date of Approval	Products	Income first derived date	Privilege expired date	Significant privilege *				
						1	2	3	4	5
Cho Thavee Public Company Limited	2417(2)/2553	18 October 2010	Fabrication industry or Platform maintenance	5 April 2011	4 April 2019	✓	✓	✓	✓	✓
Cho Thavee Thermotech Co., Ltd.	1746(2)/2548	13 July 2005	Sandwich panel product	14 March 2005	13 March 2014	✓	✓	✓	✓	✓

\* Significant privileges consist of:

- 1) Exemption from import duty on approved machinery.
- 2) Exemption from payment of corporate income tax not in excess of 100% of the investment amount excluding cost of land and working capital for the period of eight years from the date income is first derived.
- 3) Allowance to deduct from the taxable corporate income up to 25% of the capital investment in the costs of installing infrastructural facilities apart from normal depreciation.
- 4) Exemption from payment of import duty on imported raw material and supplies to be used in the manufacturing of goods for export sales for a period of five years from the first import date
- 5) Exemption to include dividend derived from a promoted entity to taxable income computation during the exemption period.

As a promoted entity, the Group must comply with certain conditions and restrictions provided for in the promotional certificates.

**41 Promotional privileges (Cont'd)**

The operating results for the year ended 31 December 2017 and 2016 classified as sales under BOI and non-BOI promoted activities are as follows:

	Consolidated financial statements		Separate financial statements	
	2017 Baht	2016 Baht	2017 Baht	2016 Baht
Revenue from activities				
BOI Promoted				
- Revenue from contract work	-	-	-	-
- Revenue from sales and services	-	-	-	-
Total	-	-	-	-
Non-BOI promoted				
- Revenue from contract work	1,390,940,104	926,160,095	1,060,873,813	915,477,124
- Revenue from sales and services	193,435,199	132,077,628	427,921,364	134,972,499
Total	1,584,375,303	1,058,237,723	1,488,795,177	1,050,449,623
	1,584,375,303	1,058,237,723	1,488,795,177	1,050,449,623

**42 Post statement of financial position event**

At the Extraordinary Shareholders' Meeting no.1/2018 on 9 January 2018, the shareholders approved the events as follow:

Increase in registered share capital

To approve increase in registered share capital, the Company will issue 658,176,708 ordinary shares with a par value of Baht 0.25 Baht per share, totaling Baht 164,544,177 which will be increased from 1,182,941,773 ordinary shares with a par value of Baht 0.25 per share, totaling Baht 295,735,443.25 to 1,841,118,481 ordinary shares with a par value of Baht 0.25 per share, totaling Baht 460,279,620.25 with specific objective and general mandate methods.

The Company registered an increasing in registered share capital with Department of Business Development on 18 January 2018.

Ordinary share allotment with specific objective

To approve ordinary share allotment with specific objective by private placement for a financial institute in Australia for 185,000,000 ordinary shares with a par value of Baht 0.25, totaling Baht 46,250,000 which should be paid-up within October 2018.

On 25 January 2018, the Company received the paid-up shares from the financial institute of 2,000,000 ordinary shares at the selling price of Baht 1.8121 per share, totalling Baht 3,624,300. The Company registered those shares with the Department of Business Development Ministry of Commerce on 26 January 2018.

On 5 February 2018, the Company received the paid-up shares from the financial institute of 2,000,000 ordinary shares at the selling price of Baht 1.75 per share, totalling Baht 3,500,000. The Company registered those shares with the Department of Business Development Ministry of Commerce on 6 February 2018.

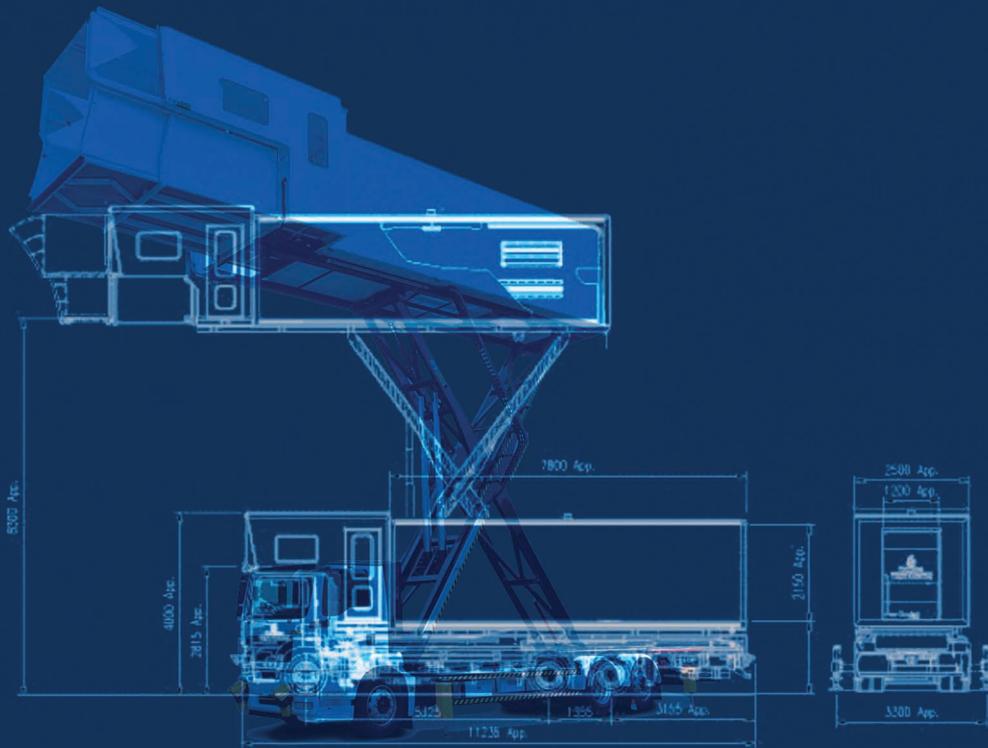
Ordinary share allotment with general mandate

To approve ordinary share allotment with general mandate by right offering for 354,882,531 ordinary shares with a par value of Baht 0.25, totaling Baht 88,720,632.75 and private placement for 118,294,177 ordinary shares with a par value of Baht 0.25, totaling Baht 29,573,544.25.





“ We are imagineer ”



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