



**TIPCO**  
ASPHALT

# ANNUAL REPORT 2019

Tipco Asphalt Public Company Limited

## TIPCO ASPHALT PUBLIC COMPANY LIMITED

Tipco Asphalt Public Company Limited ("the Company") was established in 1979. The Company, its subsidiaries, joint ventures and associated companies ("the Group") are leading manufacturers and distributors of asphalt products for repairing, maintaining and constructing road pavements, highways and airport runways in Thailand and Asia-Pacific region. Its asphalt products are sold to importers and road contractors in Africa, Australia and North America as well.

The Company also sells non-asphalt products, such as naphtha, gas oil and fuel oil, from its asphalt crude refining process to oil traders and refineries in Thailand, Singapore and Malaysia. In late 2016, the Company entered into pavement and airport runway repair and construction activities by taking up a 25% stake in a Thai construction company and its wholly owned subsidiary that specialized in pavement, highway and airport runways repair and construction.

With the cooperation of one of its major shareholders, Colas S.A. of France ("Colas"), a world leader in construction and maintenance of transport infrastructures, the Group is able to deliver the highest quality asphalt products and innovative road pavements to its customers.



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### MISSION

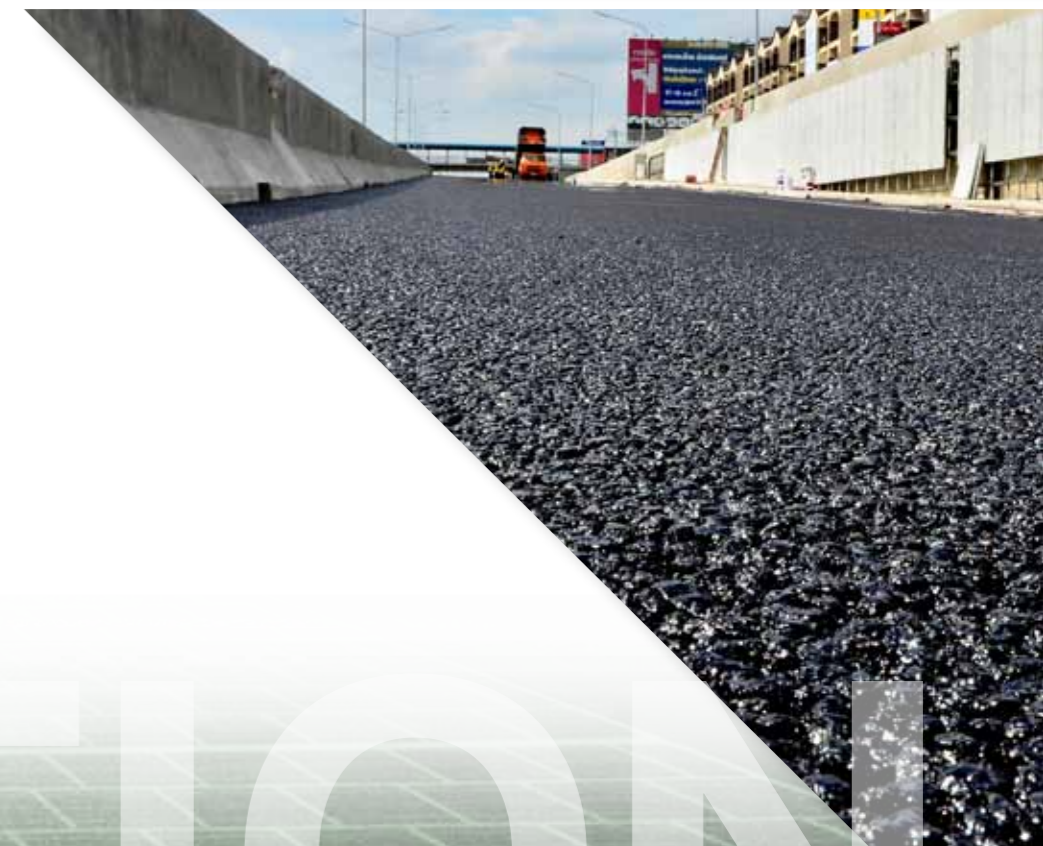
TO BE A GLOBALLY PREFERRED INTEGRATED ASPHALT AND PETROLEUM RELATED PRODUCTS COMPANY

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### VISION

TO DISTRIBUTE 6 MILLION TONS OF ASPHALT AND PETROLEUM RELATED PRODUCTS ACROSS 5 CONTINENTS BY 2020 IN A SUSTAINABLE AND RESPONSIBLE MANNER

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# INNOVATION

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# COMPANY OVERVIEW

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	2015	2016	2017	2018	2019
<b>Financial Highlights (THB million)</b>					
Total Revenue <sup>1/</sup>	37,580	24,392	28,982	27,963	37,626
Gross Profit	7,504	4,690	3,479	2,364	4,174
EBITDA <sup>2/</sup>	6,375	4,728	4,514	2,457	3,953
Net Profit	5,079	3,110	2,537	564	3,123
Total Assets	16,869	19,503	19,513	24,253	25,262
Total Liabilities	6,305	7,238	6,583	11,716	11,683
Shareholders' Equity	10,564	12,265	12,930	12,537	13,579
<b>Financial Ratios</b>					
Total number of shares issued (shares)	1,543,850,070	1,552,998,070	1,562,464,570	1,573,821,570	1,576,763,070
Book value per share (Baht)	6.69	7.83	8.19	7.87	8.50
Earnings per share (Baht)	3.30	2.01	1.63	0.36	1.98
Dividend per share (Baht)	0.90	0.90	1.20	0.30	1.50 <sup>3/</sup>
Net profit margin (%)	13.51	12.75	8.75	2.02	8.30
Return on equity (%)	62.38	27.67	20.33	4.48	24.22
Return on assets (%)	40.83	21.40	15.55	4.50	15.59
Debt to Equity Ratio	0.60	0.59	0.51	0.93	0.86

1/ Including profit from investment in joint ventures and associated companies

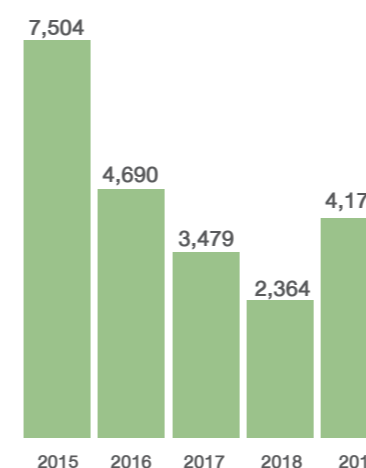
2/ Equal to profit from operating activities before change in operating assets and liabilities of financial statements

3/ Final dividend of 1.10 Baht per share is subjected to approval at 2020 Annual General Meeting

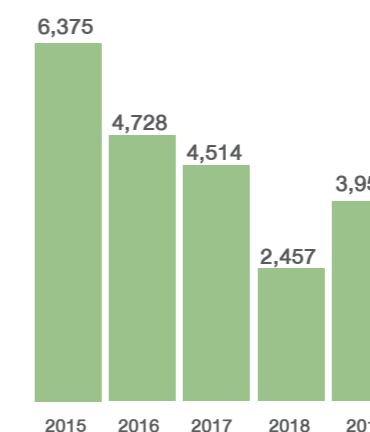
4/ Exchange rate in 2015, 2016, 2017, 2018, and 2019 were 34.25, 35.30, 33.94, 32.31, and 31.05 Baht per USD, respectively

## FINANCIAL HIGHLIGHTS (THB MILLION)

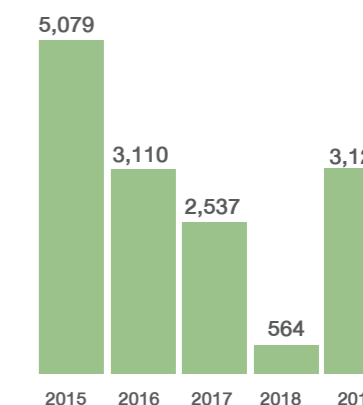
### Gross Profit



### EBITDA<sup>1/</sup>



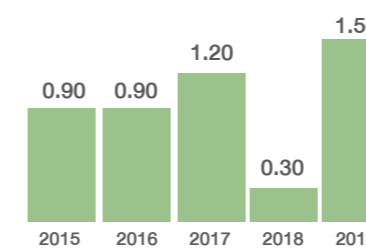
### Net Profit



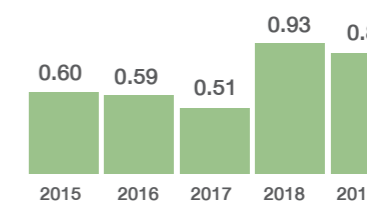
1/ Equal to Profit from operating activities before change in operating assets and liabilities of financial statements

## FINANCIAL RATIOS

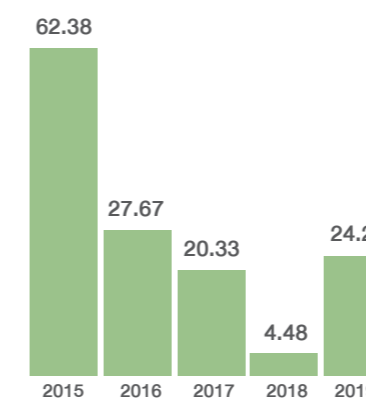
### Dividend per Share (Baht)



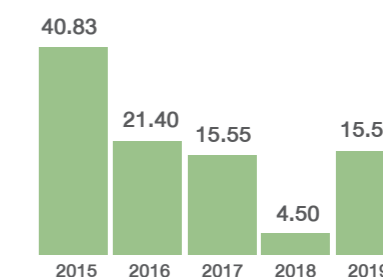
### Debt to Equity Ratio



### Return on Equity (%)



### Return on Assets (%)





The Brent market price's volatility ranged between \$54 to \$74 per barrel during the year. Thanks to strong market demand, asphalt prices remained relatively stable and sustainable. The threat of the on-going US-China Trade War together with geopolitical tensions in Middle East and Covid-19 outbreak continued to breed uncertainty in the world economic outlook and contributed to oil market volatility. Nevertheless, we are confident that the Group's existing risk management policies are sufficiently adequate to handle our exposure and vulnerability to these risks.

The year 2019 began with International Market sales suffering due to the sharp drop in asphalt selling price, and dampened demand caused by a drastic plunge in Brent prices towards the end of 2018, which barely hit their lowest point in January 2019. The Group marked-to-market the inventory costs on hand at the end of 2018 so that the impacts of depressed asphalt pricing and negative margin were neutralized by the reversal of the NRV loss provision in the first quarter of 2019, attributable to the speedy recovery of the asphalt market price. Apart from this challenge, the International Market sales volume for 2019 exceeded that of 2018 by a significant 68% in large part thanks to strong demand from China, Indonesia, and Vietnam.

With regards to the International Retail market, subsidiaries in Vietnam and Malaysia also recorded double-digit percentage growth in their sales volume. These positive results are the product of many years of concerted efforts within our Thai domestic operations as well as the Group's foreign subsidiaries, particularly through strong product R&D and shared operational knowledge and experience across all of our branches. We are pleased to see our oversea subsidiaries offering high quality technical solutions by winning several prestigious projects like the supply of modified asphalt products for paving airport runways in Cambodia, Indonesia and Formula 1 racetrack in Vietnam in 2019.

The Thai domestic market continued to perform as strongly as it did in 2018 despite delay in government budget which should have been approved in 2019. As a market leader, the

Group continued to provide high quality products and excellent support services to our customers despite facing more competition from new players. In order to maintain this market leadership, we are continuously investing, improving and being innovative in our R&D, production process, quality control, logistic delivery and customer focus.

Our Marine Group played a crucial role in supporting the procurement of crude as well as the delivery of products when the KBC refinery was facing crude storage shortages while having high crude throughput. The decision to hire a VLCC (Very Large Crude Carrier) floating storage unit (FSU) in 2019 proved to be an excellent strategic project undertaken and managed by our Marine Group. It is my pleasure to confirm that our fleet management company namely, Tipco Maritime Co. Ltd., has successfully achieved an important milestone with ISO9001:2015 & 14001:2015 certification by Lloyds Register in 2019.

KBC refinery produced a record high of more than one million tons of asphalt cement in 2019. The hired FSU has effectively replaced the crude storage tank capacity that was lost after the fire accident. As such, KBC was able to optimize its refining capacity and has subsequently achieved several new operational records. Whilst its refining activities reached their peak, KBC concurrently undertook repair works to reconstruct the crude tanks damaged by the 2018 fire. Two smaller crude tanks were completely refurbished and recommissioned for commercial use by end of the year, whilst the remaining two new crude tanks are expected to be ready by April 2020.

At the corporate level, I am pleased to announce that the Company have received another two key recognitions, namely 5-Stars for 2019 Corporate Governance Report of Thai Listed Companies (CGR) and for inclusion in the Thailand Sustainability Investment (THSI) index for two consecutive years. In addition, we are the recipient of the 2019 Sustainability Rising Star Award from the SET and the 2019 Sustainability Disclosure Award from the ThaiPat Institute.

In summary, 2019 presented its own set of challenges, and we are very pleased with how the Group handled them. It is my pleasure to inform our shareholders that thanks to the strong cashflow generated from operations of Baht 3,953 million, the Board has proposed to the 2020 Annual General Meeting for the final dividend of Baht 1.10 per share in addition to the interim dividend of Baht 0.40 per share paid in September 2019. The total dividend of Baht 1.50 per share representing a full year payout ratio of 76% of net consolidated profit of the Group. This record high dividend payout confirms our intention to distribute the highest possible total return to shareholders.

Lastly, on behalf of the Board Directors, I wish to sincerely thank the shareholders of the Company for their continuous support, the management and staff for their dedication and hard work. Their team spirit, integrity, prudence, commitment and open minded attitude in performing their duties are all very much appreciated.

**MS. LAKSANA SUPSAKORN**  
 Chairman



The Audit Committee (“AC”) consists of three independent directors who are knowledgeable and experienced in business administration, finance, accounting, engineering and internal auditing. The AC is chaired by Mr. Phirasilp Subhapholsiri, with Mr. Parnchalerm Sutatam and Mr. Nopporn Thepsithar making up the two remaining members. There were no changes to the composition of the AC in 2019.

In 2019, the AC performed its duties as assigned by the Company’s Board of Directors, while adhering to the Company’s AC Charter which is aligned with the regulations of the Stock Exchange of Thailand (or, “SET”). The AC, through the Company’s Internal Audit Department (“IAD”) has continued emphasize the importance of anti-corruption controls throughout the Group.

In 2019, the AC held 12 meetings, the attendance of which by executives, external auditor and IAD team can be summarized as follows:

	ATTENDANCE BY		
	EXECUTIVES	EXTERNAL AUDITOR	IAD
Monthly Meetings	8	-	8
Quarterly Meetings	3	3	3
Quarterly Meetings (without the presence of Management)	1 <sup>N1</sup>	1	1

<sup>N1</sup> Attendance by management was for a special agenda; and separate from the private session with the auditors.

## REVIEW OF FINANCIAL REPORTS

The AC reviewed on a quarterly basis the annual and consolidated financial statements of the Company with Management and external auditors. Among other activities, the AC held discussions with the external auditor to ascertain the completeness and accuracy of the presentation of the Company’s financial statements, key accounting adjustments, adequacy of accounting methods, scope of the audit, accuracy and adequacy of disclosures, as well as the external auditor’s independence. Accordingly, the AC was satisfied that the Company’s financial statements had complied with all relevant accounting standards and regulations. The AC was satisfied that the accounting procedures and financial statements were both accurate and reliable, and that adequate and timely information had been disclosed in the financial statements for the benefit of investors and other users of the statements.

## RISK MANAGEMENT

The current Enterprise Risk Management (“ERM”) process as employed in the Company was implemented in 2013 and continually evolves to serve the interests of the Company. This process includes a formal ERM framework which consists of an ERM policy as well as related procedures. The Corporate

risks identified and assessed during this process are a key input into the development of the rolling, risk-based internal audit plan that will be applied annually as reviewed and approved by the AC.

## REVIEW OF RELATED PARTY TRANSACTIONS

The AC reviews standard related party transactions of the Company on a quarterly basis, or more frequently in the event of any new class of related party transactions as reported by management. The AC confirms that such transactions are conducted fairly and performed for the best interests of the Company and its shareholders.

## REVIEW OF INTERNAL CONTROL EFFECTIVENESS

The AC has reviewed the adequacy, appropriateness and effectiveness of the internal control system from the 2019 internal audit results of the IAD on the Company and its subsidiaries. The AC is satisfied that the internal control system of the Company and its subsidiaries is adequate and effective for its business. The AC also evaluated the adequacy of the internal control system in accordance with The Securities Exchange Commission guidelines and noted that an adequate, appropriate and effective system of internal control has been implemented.

## REVIEW OF GOOD CORPORATE GOVERNANCE

The AC was satisfied that the Company has complied with the relevant laws, regulations (including regulations of the SET) and agreements with external parties (as necessary). The AC was also satisfied that significant related-party business transactions had been disclosed in the financial statements and that the notes on matter met the requirements set out by the SET and the Securities Exchange Commission. The AC agreed with the external auditor that such transactions conformed to the agreed criteria of normal business conduct.

## OVERSIGHT OF INTERNAL AUDIT

The AC reviewed the reports of the IAD, which mainly focused in 2019 on the Company’s operations in Cambodia and Indonesia. The IAD also reviewed controls over the Company’s procurement processes in Malaysia, as well as the Company’s general information technology controls for its Head Office. The IAD also reviewed the completion of

committed action plans by management to address previously-reported observations.

Finally, the IAD also completed an exhaustive special review of the charts of authority in effect for the Company and its subsidiaries, a review that started in Q4-2018. This was a wide-reaching review, encompassing many aspects of the charts of authority in effect throughout the Group (which, for the purposes of this review, included the charts of authority in effect in Thailand, Cambodia, China, Indonesia, Malaysia and Vietnam).

## APPOINTMENT OF THE EXTERNAL AUDITOR FOR 2020

The AC has considered and recommended the appointment of EY Office Limited as the Company’s external auditor for another year and also reviewed their proposed audit fees for 2020. Consequently, the AC has proposed the same to the Board for approval by the shareholders at the Annual General Meeting of 2020.

In conclusion, the AC has comprehensively performed its duties and responsibility in accordance with the AC Charter as approved by the Board of Directors. The AC also commented that the Company and its subsidiaries have properly presented their financial statements, performed in good business conduct, and implemented an appropriate and effective internal control system and internal auditing process. The Company and its subsidiaries have complied with relevant laws, regulations and agreements while properly disclosing related party transactions under good governance practices of transparency and trustworthiness. The Company and its subsidiaries have also continually improved the internal control system in terms of quality and suitability to its business environment.

**Mr. Phirasilp Subhapholsiri**  
Chairman of the Audit Committee



The Corporate Governance Committee (“CG Committee”) consisted of 2 independent directors (Mr. Phirasilp Subhapholsiri and Mrs. Anne-Marie Machel) and 2 executive directors (Mr. Jacques Marechal and Mr. Chaiwat Srivalwat).

In 2019, the CG Committee continued to perform its duties as set forth in the Company’s charter and held a total of four meetings. The main duties performed by the Committee were as follows:

- Review and propose to the Board improvement for corporate governance (CG) principles, policies and guidelines to the Board in accordance with the Annual General Meeting Checklist prepared by the Thai Investor Association and Corporate Governance Report of Thai Listed Companies 2019 (CGR) by the Thai Institute of Directors Association (IOD).
- Review and propose to the Board the application of each Principle and Sub-Principle of the Corporate Governance Code for listed companies 2017 (CG Code) related to the suitability for the Company’s business.
- Review and monitor on sustainable development matters.

In summary, I am pleased to state the following achievements:

- received 97 out of 100 points on the Annual General Meeting Checklist of the Thai Investors Association;
- rated “Excellent or 5 stars”, i.e. the highest ranking of Corporate Governance Report of Thai Listed Companies 2019 (CGR) by the Thai Institute of Directors Association (IOD) for two consecutive years;
- received the Stock Exchange of Thailand’s (SET) Sustainability Excellence Award 2019 – Rising Star for Thai-listed companies with market capitalization of Baht 10 billion – Baht 30 billion for its outstanding performance in sustainability. In addition, the Company has been qualified in the SET THSI index since 2018; and
- received Sustainability Disclosure Award 2019 by Thaipat Institute.

**Mr. Phirasilp Subhapholsiri**  
Chairman of the Corporate Governance Committee



The Nomination and Remuneration Committee (“N&R Committee”) consisted of 3 independent directors : Mr. Nopporn Thepsithar (The Chairman), Mrs. Anne-Marie Machel and Mr. Parnchalerm Sutatam; and Mr. Jacques Pastor and Mr. Somchit Serththin.

The N&R Committee continued to perform its duties as set forth in the committee’s charter. In 2019, N&R committee conducted 3 meetings with the following highlights:-

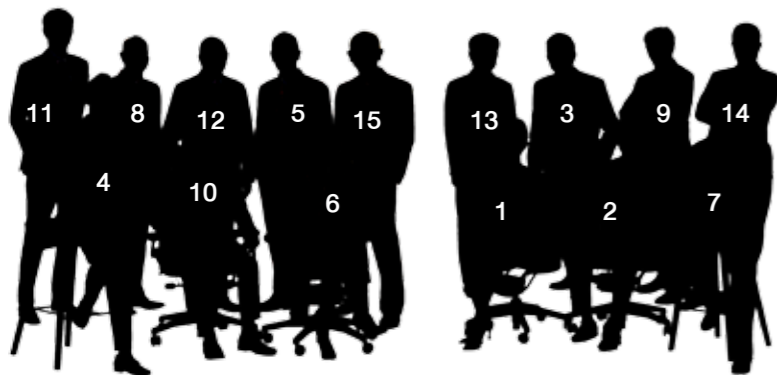
- Proposal of revised Nomination and Remuneration Committee Charter;
- Proposal of qualification and nomination of new Chief Executive Officer;
- Proposal of Succession Planning for CEO and Top management, including list of internal candidates with development framework and recommendation;
- Proposal of Remuneration policy for Board of Directors, sub-committees, top executives and employees;

- Proposal of compensation paid to directors. The remuneration of the Board of Directors and subcommittees was deliberated based on remuneration of other listed companies in relevant industries and resulted from the self-assessments of the Board of Directors and the sub-committees;
- Proposal of the compensation paid to executive directors. The remuneration was deliberated by measuring corporate performance against Company goals. With regard to the Chief Executive Officer the remuneration was also determined by the result of assessment of the Chief Executive Officer by the Board of Directors; and
- Proposal of relevant training courses to the Board of Directors

**Mr. Nopporn Thepsithar**  
Chairman of the Nomination & Remuneration Committee



# BOARD OF DIRECTORS



1. **MS. LAKSANA SUPSAKORN**  
Chairman
2. **MR. CHAINOI PUANKOSOOM**  
Vice Chairman
3. **MR. KOH BAN HENG**  
Independent Director
4. **MR. PHIRASILP SUBHAPHOLSIRI**  
Independent Director

5. **MR. NOPPORN THEPSITHAR**  
Independent Director
6. **MRS. ANNE-MARIE MACHET**  
Independent Director
7. **MR. PARNCHALERM SUTATAM**  
Independent Director
8. **MR. NIPHON SUTHIMAI**  
Independent Director

9. **MR. HERVÉ LE BOUC**  
Director
10. **MR. SOMCHIT SERTTHIN**  
Director
11. **MR. FREDERIC GARDES**  
Director
12. **MR. JACQUES PASTOR**  
Executive Director

13. **MR. CHAIWAT SRIVALWAT**  
Chief Executive Officer
14. **MR. JACQUES MARECHAL**  
Executive Director
15. **MR. SITILARB SUPSAKORN**  
Executive Director

## BOARD OF DIRECTORS



**MS. LAKSANA  
SUPSAKORN**

**CHAIRMAN  
DIRECTOR  
AUTHORIZED DIRECTOR**

Age 67

**Starting date of Directorship**

16 August 2013

**Education**

- Master Degree of Business Administration, Wharton Business School, University of Pennsylvania, USA
- Bachelor Degree of Accounting (Honor), Chulalongkorn University

**Training**

- 2014 Director Certification Program (DCP)
- 2014 Role of the Chairman Program (RCP)
- 2012 Director Accreditation Program (DAP)

**Shareholding in Company**

Director 13,860,000 shares (0.879%)

Spouse/Minor child 400,000 shares (0.025%)

**Family Relationship with Other Directors and Executives**

Sister of Mr. Sitalarb Supsakorn and sister-in-law of Mr. Somchit Serththin

**Related Experience**

*Listed Company*

2018 – Present Chairman, Tipco Asphalt Plc.

2013 – Present Director, Tipco Asphalt Plc.

2013 – Present Chairman, Tipco Foods Plc.

(Type of business: Manufacturer and exporter of canned pineapple and fruit juices)

*Non-Listed Company*

Present Director, please see list of Non-Listed Companies on page 56 of annual report



**MR. CHAINOI  
PUANKOSOOM**

**VICE CHAIRMAN  
INDEPENDENT DIRECTOR**

Age 69

**Starting date of Directorship**

13 August 2015

**Education**

- Master Degree of Management (MM), Sasin Graduate Institute of Business Administration, Chulalongkorn University
- Bachelor Degree of Higher Accounting, California College of Commerce, USA

**Training**

- 2017 The Role of Chairman in Leading Strategic Risk Oversight
- 2014 The Role of the Chairman Program (RCP), Class 33/2014
- 2011 Financial Institutions Governance Program (FGP), Class 3/2011
- 2007 Director Accreditation Program (DAP), Class 63/2007

**Shareholding in Company -none-**

**Family Relationship with Other Directors and Executives -none-**

**Related Experience**

*Listed Companies*

2018 – Present Vice Chairman, Tipco Asphalt Plc.

2017 – Present Chairman, Independent Director, Chairman of the Compensation Committee, Chairman of the Corporate Governance Committee and Member of the Audit Committee, Frasers Property (Thailand) Plc.  
(Type of business : Industrial Factory and Warehouse Development for Sale and Lease)

2016 – Present Independent Director, Chairman of the Audit Committee and Member of the Nomination, Remuneration and Good Corporate Governance Committee, Prima Marine Plc.  
(Type of business: Providing Marine Transportation and Services)

2015 – Present Independent Director, Tipco Asphalt Plc.

*Non-Listed Companies*

2017 – Present Director, Chairman of the Audit Committee, Sapthip Company Limited.  
(Type of business : Producing Ethanol)

2010 – Present Director, Executive Board Member, National Power Supply Plc.  
(Type of business : Electricity and Steam Generation and Sale)



**MR. KOH BAN HENG**

**INDEPENDENT DIRECTOR**

Age 71

**Starting date of Directorship**

1 July 2011

**Education**

- Post-Graduate Diploma in Business Administration, University of Singapore
- Bachelor Degree of Applied Chemistry, University of Singapore

**Training**

- 2019 SMU-SID Executive Certificate in Directorship programme
- 2019 Leaders Insights with Economist Intelligence Unit
- 2019 Grow Beyond Talk 2019 on August 23, 2019
- 2018 Cybersecurity Governance, KCL Group
- 2017 Leaders Insights - "Outlook for the Global Economies" by The Economist Intelligence Unit
- 2017 SID's AC Chapter - Pit Stop Series on "The Critical Role of ACs in Valuation and Impairment of Assets
- 2017 Governance, Risk, Compliance and Safety Programme
- 2017 Seminar on audit committee, ACRA, SGX and Singapore Institutes of Directors
- 2016 Building a High Impact Board, Singapore Institutes of Directors
- 2016 Cybersecurity for Directors, Singapore Institutes of Directors
- 2016 Competition Law and Corporate Governance, KCL GRC

**Shareholding in Company -none-**

**Family Relationship with Other Directors and Executives -none-**

**Related Experience**

*Listed Company*

2011 – Present Independent Director, Tipco Asphalt Plc.

2016 – 2017 Vice Chairman, Tipco Asphalt Plc.

*Non-Listed Company*

2015 – Present Independent Director and non-executive Chairman and Member of Audit Committee, Keppel Infrastructure Trust  
(Type of business: Trustee manager of Keppel infrastructure Trust)

2014 – Present Director, Chung Cheng High School Ltd.  
(Type of business: Education)

2011 – Present Advisor, Malaysian KLSE listed company Dialog Group Bhd.  
(Type of business: Integrated specialist technical services provider midstream and upstream in the oil, gas and petrochemical industry)

2013 – Dec 2019 Director and Chairman of Audit Committee, Keppel Infrastructure Holdings Pte. Ltd.  
(Type of business: Investment holding company)

2015 – 2018 Director and Chairman of Audit Committee, Cue Energy Resources Limited (Type of business: Oil and Gas exploration and production)

2013 – 2015 Director, Linc Energy Limited  
(Type of business: Oil and gas operations)



**MR. PHIRASILP  
SUBHAPHOLSIRI**

**INDEPENDENT DIRECTOR  
CHAIRMAN OF THE AUDIT COMMITTEE  
CHAIRMAN OF THE CORPORATE GOVERNANCE COMMITTEE**

Age 66

**Starting date of Directorship**

13 May 2013

**Education**

- Bachelor Degree of Business Administration, Yokohama National University, Japan

**Training**

- 2005 Director Accreditation Program (DAP)

**Shareholding in Company -none-**

**Family Relationship with Other Directors and Executives -none-**

**Related Experience**

*Listed Company*

2013 – Present Independent Director, Tipco Asphalt Plc.

2009 – Present Chairman, Food and Drinks Plc.

(Type of business: Manufacturer of food and beverages)

*Non-Listed Company*

2019 – Present Director, HMC Polymers Co., Ltd.

(Type of business: Manufacturer of Polypropylene Grades)

2010 – Present Chairman, Kaizen Consulting Co., Ltd.

(Type of business: Consulting service)

2009 – Present Chairman, Thai-Nichi Ventures Co., Ltd.

(Type of business: Consulting service)

1989 – Present Chairman, Subhadhana Co., Ltd.

(Type of business: Office for rent)

## BOARD OF DIRECTORS



**MR. NOPPORN  
THEPSITHAR**



**MRS. ANNE-MARIE  
MACHET**



**MR. PARNCHALERM  
SUTATAM**



**MR. NIPHON  
SUTHIMAI**

**INDEPENDENT DIRECTOR**  
**MEMBER OF THE AUDIT COMMITTEE**  
**CHAIRMAN OF THE NOMINATION AND REMUNERATION COMMITTEE**

Age 66

**Starting date of Directorship**

27 April 2012

**Education**

- Ph.D (Honorable) in Logistics and Supply Chain Management, Sripatum University
- Bachelor Degree of Electrical Engineering, Chulalongkorn University

**Training**

- 2018 Corporate Governance for Director and Top Executive of State-owned Enterprise and Public Organization, Class 19 King Prachadhipok' Institute
- 2018 Congko Business Dinner Talk King Mongkut's Institute of Technology, Ladkrabang
- 2018 Sale Credit skills Development senior Credit EXIM Bank and Omega Performance Corporation
- 2012 Audit Committee Effectiveness Seminar
- 2005 Director Accreditation Program (DAP)

**Shareholding in Company** -none-

**Family Relationship with Other Directors and Executives** -none-

**Related Experience**

*Listed Company*

- 2012 – Present Independent Director, Tipco Asphalt Plc.
- 2011 – Present Independent Director, Member of Audit Committee and Chairman of Risk Management Committee, Ananda Development Plc. (Type of business: Property development)
- 2005 – 2018 Independent Director and Chairman Audit Committee, Union Petrochemical Plc. (Type of business: Importer and distributor of petrochemical products)

*Non-Listed Company*

- 2014 – 2019 Director and Chairman of the Board of Executive Director, Export-Import Bank of Thailand (EXIM Thailand) (Type of business: Import and export service)
- 2018 – Present Advisor, Thai National Shippers' Council (TNSC)
- 2018 – Present Chairman, Mena Transport Co., Ltd. (Type of business: Logistics)
- 2013 – 2017 Chairman of the Thai National Shippers' Council (TNSC)

**INDEPENDENT DIRECTOR**  
**MEMBER OF THE CORPORATE GOVERNANCE COMMITTEE**  
**MEMBER OF THE NOMINATION AND REMUNERATION COMMITTEE**

Age 64

**Starting date of Directorship**

23 February 2010

**Education**

- Master Degree of Business Administration, Finance, ESCP-EAP Europe
- Bachelor Degree of Math and Science
- International Coaching Academy - ICF Accredited Coach in 2008

**Training**

- 2018 Building Strategic Agility with Objectives and Key Results (OKR)
- 2015 Thailand CG Forum: Governance as a driving force for business sustainability
- 2014 Director Certification Program (DCP)
- 2010 Director Accreditation Program (DAP)

**Shareholding in Company** -none-

**Family Relationship with Other Directors and Executives** -none-

**Related Experience**

*Listed Company*

- 2010 – Present Independent Director, Tipco Asphalt Plc.

*Non-Listed Company*

- 2009 – Present President of Franco - Thai Chamber of Commerce HR Committee (Type of business: Promotion of trade relationships and business development)
- 2011 – 2017 Vice President of EABC (European Association for Business and Commerce).
- 2008 – 2009 President of French International School of Bangkok (Type of business: Education)
- 2008 – Present General Manager of AmPerformance (Franco-Pacific Co., Ltd.) (Type of business: Business Consultancy and Executive coaching)

**INDEPENDENT DIRECTOR**  
**MEMBER OF THE AUDIT COMMITTEE**  
**MEMBER OF THE NOMINATION AND REMUNERATION COMMITTEE**

Age 66

**Starting date of Directorship**

14 June 2004

**Education**

- Master Degree of Business Administration, University of Bridgeport, CT, USA
- Bachelor Degree of Accounting, Babson College, MA, USA

**Training**

- 2006 Audit Committee Program (ACP)
- 2005 Director Accreditation Program (DAP)

**Shareholding in Company** -none-

**Family Relationship with Other Directors and Executives** -none-

**Related Experience**

*Listed Company*

- 2006 – Present Audit Committee, Tipco Asphalt Plc.
- 2004 – Present Independent Director, Tipco Asphalt Plc.

*Non-Listed Company*

- 2016 – 2018 Director, Boonphat Property Co., Ltd. (Type of business: Office rental and leasing service)

**INDEPENDENT DIRECTOR**

Age 61

**Starting date of Directorship**

16 February 2006

**Education**

- Master Degree of Operational Research, London School of Economics, UK
- Licence de Droit (Law), Universite de Droit, Lyon, France

**Training**

- 2017 Updated COSO Enterprise Risk Management: Integrating with Strategy and Performance
- 2015 CG Forum 3/2015 Risk Oversight: High Priority Roles of the Board
- 2006 Audit Committee Program (ACP)
- 2006 Director Accreditation Program (DAP)

**Shareholding in Company** -none-

**Family Relationship with Other Directors and Executives** -none-

**Related Experience**

*Listed Company*

- 2006 – Present Independent Director, Tipco Asphalt Plc.
- 2017 – 2018 Vice President Corporate Affairs and Corporate Risk Management Acting Cargo Sales Director, Nok Airlines Plc. (Type of business: Airline service)
- 2016 – 2017 Vice President - Customer Services, Nok Airlines Plc. (Type of business: Airline service)
- 2012 – 2015 Vice President - People, Nok Airlines Plc. (Type of business: Airline service)

*Non-Listed Company*

- 1999 – 2019 Associate Director, Geodis Overseas Co., Ltd. (Type of business: Logistics service)
- 2007 – 2013 Managing Partner, CLY International Limited (Type of business: Human resources consulting service)
- 2005 – 2008 Consultant, Thai Air Cargo Co., Ltd. (Type of business: Air freight service)

## BOARD OF DIRECTORS



**MR. HERVÉ  
LE BOUC**

### AUTHORIZED DIRECTOR

Age 67

#### Starting date of Directorship

17 November 2008

#### Education

- Bachelor Degree of Engineering - Ecole Supérieure des Travaux Publics

#### Training -none-

#### Shareholding in Company -none-

#### Family Relationship with Other Directors and Executives -none-

#### Related Experience

##### Listed Company

2008 – Present Director, Tipco Asphalt Plc.

##### Non-Listed Company

2007 – Oct 2019 Chairman, COLAS Group  
 (Type of business: Road construction)

2007 – May 2019 Chief Executive Officer, COLAS Group  
 (Type of business: Road construction)

2002 – 2007 Chairman and Chief Executive Officer, SAUR Group  
 (Type of business: Water and waste management)

2001 – 2002 Chief Operating Officer,  
 BOUYGUES CONSTRUCTION  
 (Type of business: Construction)

1998 – 2002 Chairman and Chief Executive Officer,  
 BOUYGUES OFFSHORE  
 (Type of business: Oil and Gas)



**MR. SOMCHIT  
SERTTHIN**

### AUTHORIZED DIRECTOR

### MEMBER OF THE NOMINATION AND REMUNERATION COMMITTEE

Age 67

#### Starting date of Directorship

29 April 1994

#### Education

- Bachelor Degree of Business Administration, Babson College, MA, USA

#### Training

- 2014 National Director Conference
- 2014 Anti – Corruption for Executive Program (ACEP)
- 2013 Director Certification Program (DCP)
- 2003 Director Accreditation Program (DAP)

#### Shareholding in Company

Director 31,000,000 shares (1.966%)

Spouse/Minor child 10,500,000 shares (0.666%)

#### Family Relationship with Other Directors and Executives

Brother-in-law of Ms. Laksana Supsakorn and Mr. Sitilarb Supsakorn

#### Related Experience

##### Listed Company

2005 – Nov 2019 Director, Tipco Foods Plc.  
 (Type of business: manufacturer and exporter of  
 canned pineapple and fruit juices)

1994 – Present Director, Tipco Asphalt Plc.

1986 – Aug 2019 Chief Executive Officer, Tipco Asphalt Plc.

##### Non-Listed Company

Present Director, please see list of Non-Listed Companies on page 56  
 of annual report



**MR. FREDERIC  
GARDES**

### AUTHORIZED DIRECTOR

Age 48

#### Starting date of Directorship

11 May 2018

#### Education

- MBA, Bocconi (Milano)
- Bachelor Degree of Engineering, Ecole Centrale de Paris and the Royal Institute of Technology in Stockholm

#### Training -none-

#### Shareholding in Company -none-

#### Family Relationship with Other Directors and Executives -none-

#### Related Experience

##### Listed Company

2018 – Present Director, Tipco Asphalt Plc.

2019 – Present Chief Executive Officer Colas Group  
 (Type of business: Road construction)

2018 – 2019 International Managing Director, Colas Group  
 (Type of business: Road construction)

2015–2018 Deputy General Manager – Northern Europe and  
 Middle East, Colas Group  
 (Type of business: Road construction)

2013–2015 Regional Director - Indian Ocean Area, Colas Group  
 (Type of business: Road construction)

##### Non-Listed Company

2011 – 2013 Director of GTOI, Colas subsidiary, Reunion island  
 (Type of business: Road construction)

2002 – 2011 Project Director, Saipem, Russia, Italy, France  
 (Type of business: Oil and Gas)

1994 – 2002 Project Engineer, Bouygues Offshore, Nigeria, Russia  
 (Type of business: Oil and Gas)



**MR. JACQUES  
PASTOR**

### AUTHORIZED DIRECTOR

### MEMBER OF THE EXECUTIVE COMMITTEE

### MEMBER OF THE NOMINATION AND REMUNERATION COMMITTEE

Age 65

#### Starting date of Directorship

1 August 2000

#### Education

- Advanced Management Program (AMP), Harvard Business School, MA, USA
- Ecole Nationale Supérieure d' Arts et Metiers

#### Training

- 2013 Director Accreditation Program (DCP)
- 2013 Director Certification Program (DAP)

#### Shareholding in Company

Director 2,350,000 shares (0.149%)

Spouse/Minor child -none-

#### Family Relationship with Other Directors and Executives -none-

#### Related Experience

##### Listed Company

2001 – Present Director, Tipco Asphalt Plc.

##### Non-Listed Company

Present Director, please see list of Non-Listed Companies on page 56  
 of annual report

1993 – Present CEO Asia Pacific Colas Regional Office, Thailand  
 (Type of business: Manufacturer and distributor of  
 asphalt products)

1989 – 1992 Managing Director COLAS AJMC, Mauritius Island

1986 – 1989 Agency Manager COLAS MAYOTTE, Comoro Island

1983 – 1986 Agency Manager COLAS GTR, Morocco

1980 – 1983 Site Agent COLAS GUINEA BISSAO, West Africa

1978 – 1980 Site Agent COLAS TOGO AND BENIN, West Africa

## BOARD OF DIRECTORS



**MR. CHAIWAT  
SRIVALWAT**

**AUTHORIZED DIRECTOR**  
**MEMBER OF THE EXECUTIVE COMMITTEE**  
**MEMBER OF THE CORPORATE GOVERNANCE COMMITTEE**  
**CHIEF EXECUTIVE OFFICER**

Age 59

**Starting date of Directorship**

13 February 2002

**Education**

- Bachelor Degree of Engineering, Liverpool University, England

**Training**

- 2017 Sustainability Strategy: Key Blueprint for Business Growth
- 2014 National Director Conference
- 2014 Anti-Corruption for Executive Program (ACEP)
- 2003 Director Certification Program (DCP)

**Shareholding in Company**

Director 3,000,000 shares (0.190%)

Spouse/Minor child -none-

**Family Relationship with Other Directors and Executives -none-**

**Related Experience**

*Listed Company*

Aug 2019 – Present Chief Executive Officer, Tipco Asphalt Plc.

2002 – Aug 2019 Managing Director, Tipco Asphalt Plc.

1999 – 2002 Marketing Director, Tipco Asphalt Plc.

1995 – 1998 Senior Marketing Manager, Tipco Asphalt Plc.

1993 – 1995 Senior Plant Manager, Tipco Asphalt Plc.

1992 Group Plant Manager, Tipco Asphalt Plc.

1983 – 1991 Plant Manager, Tipco Asphalt Plc.

*Non-Listed Company*

Present Director, please see list of Non-Listed Companies on page 56 of annual report



**MR. JACQUES  
MARECHAL**

**AUTHORIZED DIRECTOR**  
**MEMBER OF THE EXECUTIVE COMMITTEE**  
**MEMBER OF THE CORPORATE GOVERNANCE COMMITTEE**

Age 54

**Starting date of Directorship**

27 April 2012

**Education**

- Bachelor Degree of Corporate Finance, Dauphine University

**Training**

- 2014 Director Certification Program (DCP)
- 2013 Director Accreditation Program (DAP)

**Shareholding in Company**

Director 600,000 shares (0.038%)

Spouse/Minor child -none-

**Family Relationship with Other Directors and Executives -none-**

**Related Experience**

*Listed Company*

2012 – Present Director, Tipco Asphalt Plc.

2000 – 2011 International Finance Manager, COLAS SA, Paris, France

(Type of business: Road construction service)

1996 – 2000 Deputy International Finance Manager, COLAS SA, Paris, France

(Type of business: Road construction service)

*Non-Listed Company*

Present Director, please see list of Non-Listed Companies on page 56 of annual report



**MR. SITILARB  
SUPSAKORN**

**AUTHORIZED DIRECTOR**  
**MEMBER OF THE EXECUTIVE COMMITTEE**

Age 68

**Starting date of Directorship**

10 May 2001

**Education**

- Bachelor Degree of Business Administration, Babson College, MA, USA

**Training**

- 2012 Director Accreditation Program (DAP)

**Shareholding in Company**

Director 17,000,000 shares (1.078%)

Spouse/Minor child -none-

**Family Relationship with Other Directors and Executives**

Brother of Ms. Laksana Supsakorn and elder brother-in-law of Mr. Somchit Sertthin

**Related Experience**

*Listed Company*

2012 – Present Director, Tipco Foods Plc.

(Type of business: Manufacturer and exporter of canned pineapple and fruit juices)

2001 – Present Executive Director, Tipco Asphalt Plc.

*Non-Listed Company*

Present Director, please see list of Non-Listed Companies on page 56 of annual report

## EXECUTIVE OFFICERS

### MR. HUGUES DE CHAMPS

DEPUTY CHIEF EXECUTIVE OFFICER – INTERNATIONAL BUSINESS

Age 51

#### Education

- Master of Public and Maritime Works
- Bachelor of Civil Engineering Option, University of Technology

#### Training

- 2015 Director Accreditation Program (DCP)
- 2013 Director Certification Program (DAP)

#### Shareholding in Company

Executive Officer 500,000 shares (0.03%)

Spouse/Minor child -none-

#### Family Relationship with Other Directors and Executives -none-

#### Related Experience

Listed Company

2019 - Present Deputy Chief Executive Officer – International Business Tipco Asphalt Plc.

2017 – 2019 Chief Operating Officer – International Wholesale, Tipco Asphalt Plc.

2014 – 2016 Chief Operating Officer – International, Tipco Asphalt Plc.  
2011 – 2013 Director, Tipco Asphalt Plc.

Non-Listed Company

2011 – Present Operations Manager, Colas Asia area  
(Type of business: Road construction service)

2004 – 2011 Managing Director, COLAS South Africa (Pty) Ltd.  
(Type of business: Road construction service)

1995 – 2004 Operations Manager, COLAS Asia area  
(Type of business: Road construction service)

1990 – 1994 Project Manager, COLAS France, Morocco, India  
(Type of business: Road construction service)

### MR. KOH LAI HUAT

CHIEF FINANCIAL OFFICER

Age 60

#### Education

- Chartered Association of Certified Accountant UK
- Master of Business Administration - International Business

#### Training

- 2019 The CFO's role in stakeholder communications TLCA

#### Shareholding in Company

Executive Officer 2,084,500 shares (0.13%)

Spouse/Minor child -none-

#### Family Relationship with Other Directors and Executives – none –

#### Related Experience

Listed Company

2014 – Present Chief Financial Officer, Tipco Asphalt Plc.

2010 – 2013 Director – Accounting and Budgeting, Tipco Asphalt Plc.

Non-Listed Company

2009 – Present Chief Financial Officer, Kemaman Oil Corporation Sdn. Bhd.  
(Type of business: Investment holding company)

2004 – 2008 Chief Financial Officer, Seloga Holdings Bhd.  
(Type of business: Investment holding company)

### MR. THIERRY ALAIN SIMON DEFRENE

CHIEF OPERATING OFFICER – LOGISTICS AND PROCUREMENT

Age 49

#### Education

- Bachelor of Engineering (Civil Engineering), ALES Mining school, France

#### Shareholding in Company

Executive Officer 200,000 shares (0.001%)

Spouse/Minor child -none-

#### Family Relationship with Other Directors and Executives -none-

#### Related Experience

Listed Company

2019 – Present Chief Operating Officer – Procurement and Logistics Tipco Asphalt Plc.

2017 – 2019 Chief Operating Officer – International Trading and Business Development, Tipco Asphalt Plc.

2005 – 2011 International Sales & Marketing Director, Tipco Asphalt Plc.

Non-Listed Company

2012 – 2017 Chief Executive Officer, COLAS Australia Group (Pty) Ltd. – Australia (Type of business: Road construction services)

2000 – 2004 Managing Director, COLAS South Africa (Pty) Ltd. – South Africa (Type of business: Road construction services)

1998 – 1999 Managing Director, COLAS East Africa Ltd. – Kenya (Type of business: Road construction services)

### MR. CHRISTOPHE BERNARD VOY

CHIEF OPERATING OFFICER - INTERNATIONAL RETAIL

Age 53

#### Education

- Institute of Management Bouygues (IMB), HEC, France
- Bachelor of Business Administration, SDSU, USA

#### Training

- 2014 Director Certification Program (DCP)

#### Shareholding in Company -none-

Spouse/Minor child -none-

#### Family Relationship with Other Directors and Executives -none-

#### Related Experiences

Listed Company

2016 – Present Chief Operating Officer – International Retail, Tipco Asphalt Plc.

Non-Listed Company

2007 – 2015 President Director, Colas Companies in Indonesia, Vietnam & Singapore  
(Type of business: Road construction service)

2005 – 2006 Marketing Director, North & Central Europe, Shell International  
(Type of business: Oil and Gas)

2001 – 2004 Marketing Director, Construction Pacific, Shell Oil Products  
(Type of business: Oil and Gas)

1997 – 2000 General Director, Shell Bitumen Vietnam  
(Type of business: Oil & gas)

1995 – 1996 Business Development Manager, Shell Vietnam (Downstream)  
(Type of business: Oil and Gas)

### MS. AUCHCHA RATTRAKULTIP

DIRECTOR – CORPORATE FINANCE

Age 72

#### Education

- Mini MBA Economics, Business Administration
- Mini MBA Commerce and Accounting, Business Administration Kasetsart University

#### Shareholding in Company

Executive Officer 1,583,000 shares (0.010%)

Spouse/Minor child -none-

#### Family Relationship with Other Directors and Executives -none-

#### Related Experience

Listed Company

2002 – Present Director – Corporate Finance, Tipco Asphalt Plc.

2001 – 2002 Senior Manager, Tipco Asphalt Plc.

Non-Listed Company -none-

### MR. CHANCHAI LOHAPRATARN

DIRECTOR – DOMESTIC SALES AND MARKETING

Age 53

#### Education

- Master of Business Administration, Victoria University of Technology (VUT), Melbourne, Australia
- Bachelor of Science, B.Sc., (Civil Engineer), Prince of Songkla University

#### Shareholding in Company – none –

Spouse/Minor child -none-

#### Family Relationship with Other Directors and Executives -none-

#### Related Experience

Listed Company

2017 – Present Director – Domestic Sales and Marketing, Tipco Asphalt Plc.

Non-Listed Company

2012 – 2016 Vice President (Sale & Service), Siam Hitachi Elevator Co., Ltd. "SHE"

2011 – 2012 Managing Director, Bangkok Komatsu Sales Co., Ltd. "BKS"

2008 – 2011 Managing Director, Pidilite Bamco Limited "PBL"

### MR. SUPHAT PIPITAWAN

DIRECTOR – OPERATIONS

Age 50

#### Education

- Bachelor of Engineering, King Mongkut Institute of Technology – Ladkrabang Campus

#### Training

- Total Productive Maintenance, TPM Master Company Limited

#### Shareholding in Company -none-

Spouse/Minor child -none-

#### Family Relationship with Other Directors and Executives -none-

#### Related Experience

Listed Company

2016 – Present Director – Operations, Tipco Asphalt Plc.

Non-Listed Company

2001 – 2015 Plant Manager, Guardian Thailand  
(Type of business: Manufacturer of float glass and fabricated glass products)

### MR. SORANARD NANTAMONTRY

DIRECTOR – INTERNATIONAL SALES AND MARKETING

Age 46

#### Education

- Master of Business Administration, Saint Louis University, Missouri, USA
- Bachelor of Engineering (Civil Engineering), Chulalongkorn University

#### Training

- 2019 Director Certification Program

#### Shareholding in Company

Executive Officer 428,500 shares (0.027%)

Spouse/Minor child -none-

#### Family Relationship with Other Directors and Executives -none-

#### Related Experience

Listed Company

2015 – Present Director – International Sales, Tipco Asphalt Plc.

2014 Plant Manager – Nakornratchasima, Tipco Asphalt Plc.

2012 – 2013 Senior Manager – Domestic Asphalt Product Sales, Tipco Asphalt Plc.

2010 – 2012 Group Manager – International Sales and Marketing, Tipco Asphalt Plc.

2001 – 2004 Senior Technical Officer, Tipco Asphalt Plc.

Non-Listed Company

1 Nov 2019 Deputy Managing Director – Commercial & Support of Construction Business Tipco Asphalt Group

2004 – 2010 Marketing Manager, Kemaman Bitumen Company Sdn. Bhd. (Malaysia) (Type of business: Asphalt refinery)

Civil Engineer, Thanomwongse Service Co., Ltd. (Type of business: Road construction and maintenance service)

### MRS. PUNSIRI SUTTIENKUL

DIRECTOR - CORPORATE BRANDING AND CORPORATE SOCIAL RESPONSIBILITY

Age 60

#### Education

- Master of Liberal Arts, University of Pennsylvania, USA
- Bachelor of Architecture, Silpakorn University

#### Training

- Preliminary to Corporate Sustainability by SET
- Corporate Sustainability Strategy by SET
- Sustainability Risk and Materiality Analysis by SET
- Sustainability Evaluation & Data Management by SET
- Sustainability Reporting by SET

#### Shareholding in Company -none-

Spouse/Minor child -none-

#### Family Relationship with Other Directors and Executives -none-

#### Related Experience

Listed Company

2016 – Present Corporate Branding and Corporate Social Responsibility Director, Tipco Asphalt Plc.

2014 – 2016 Domestic Sales and Marketing Director, Tipco Asphalt Plc.

2011 – 2012 President Asia Pacific & Global Branding, Mahaphant Fibre-Cement PLC  
(Type of business: Manufacturers of fibre cement products)

Non-Listed Company

2013 - 2014 Country Director, Villeroy & Boch (Thailand) Co., Ltd. (Type of business: Manufacturer and distributor of sanitary ware)

2009 - 2010 General Manager, Grohe (Thailand) Limited  
(Type of business: Manufacturer of sanitary fittings)

### MRS. UDOMPORN PUNPATCH

DIRECTOR - HUMAN CAPITAL MANAGEMENT

Age 58

#### Education

- Master of Human Resources Management, College of Management, Mahidol University

- Mini-Master of Business Administration, Thammasat University

- Bachelor of Industrial Psychology, Chaingmai University

#### Training

- Asia Women's forum during 18-20 September 2019

#### Shareholding in Company

Executive Officer 1,202,000 shares (0.076%)

Spouse/Minor child -none-

#### Family Relationship with Other Directors and Executives -none-

#### Related Experience

Listed Company

2011 - Present Director - Human Capital Management, Tipco Asphalt Plc.

2007 - 2010 Senior Manager - Human Resources, Tipco Asphalt Plc.

2000 - 2006 Group Manager - Human Resources, Tipco Asphalt Plc.

Non-Listed Company -none-

### MR. LOUIS - FREDERIC SACHS

DIRECTOR - MARINE GROUP

Age 45

#### Education

- Master of Nautical Science, Antwerp Maritime Academy, Antwerp, Belgium
- Bachelor of Business Administration, NEOMA B.S., Reims, France

#### Shareholding in Company -none-

Spouse/Minor child -none-

#### Family Relationship with Other Directors and Executives -none-

#### Related Experience

Listed Company

2013 - Present Director - Marine Group, Tipco Asphalt Plc.

Non-Listed Company

2012 – 2013 Senior Marine Cargo Underwriter & Project Cargo Trade Sector Manager - Asia, AXA Corporate Solutions  
(Type of business: Risk management and insurance solutions)

2008 – 2012 Regional Marine Risk Manager - Asia, AXA Corporate Solutions  
(Type of business: Risk management and insurance solutions)

2005 - 2008 Chief Officer LNG Tankers, Gazocean GDF SUEZ  
(Type of business: Merchant Marine)

1996 – 2005 Deck Officer, EXMAR (Type of business: Merchant Marine)

### MR. THANAPOL LAOSIRIPONG

COMPANY SECRETARY

Age 35

#### Education

- Master of Business Administration, Sasin Graduate Institute of Business Administration of Chulalongkorn University
- Bachelor of Engineering, King Mongkut's Institute of Technology, Ladkrabang

#### Training

- 2019 CGR Workshop 2019, Institute of Directors
- 2018 Inaugural Corporate Governance Conference 2018, Bangkok
- 2017 Sustainable Investment: Opportunity of Long Term Growth for Businesses and Investors

- 2016 Anti-corruption: The Practical Guide (ACPG)

- 2015 CG Forum 3/2015 "Risk Oversight"

- 2014 Company Secretary Program (CSP)

#### Shareholding in Company -none-

Spouse/Minor child -none-

#### Family Relationship with Other Directors and Executives -none-

#### Related Experience

Listed Company

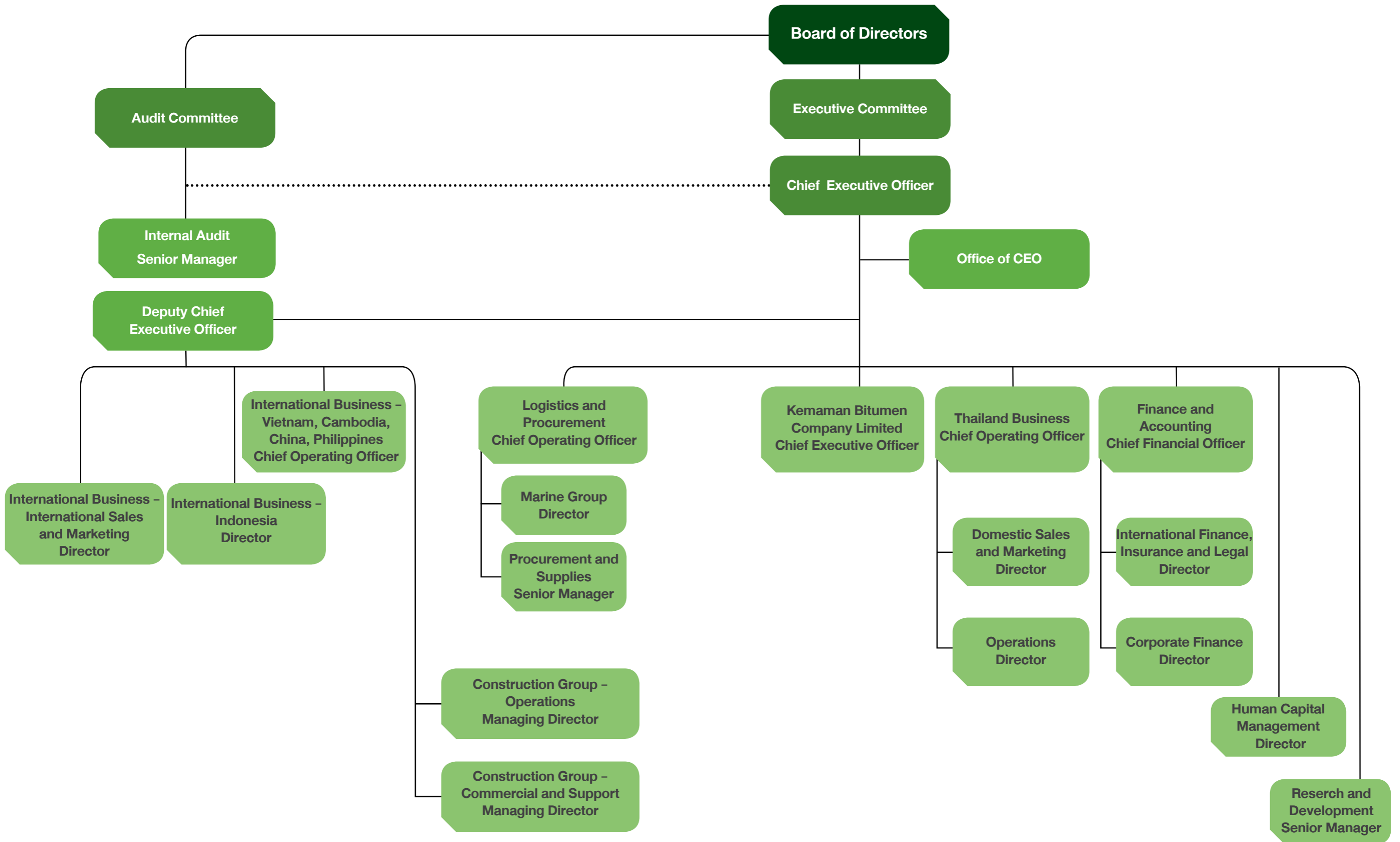
2015 - Present Company Secretary, Manger Corporate Affairs, Tipco Asphalt Plc.

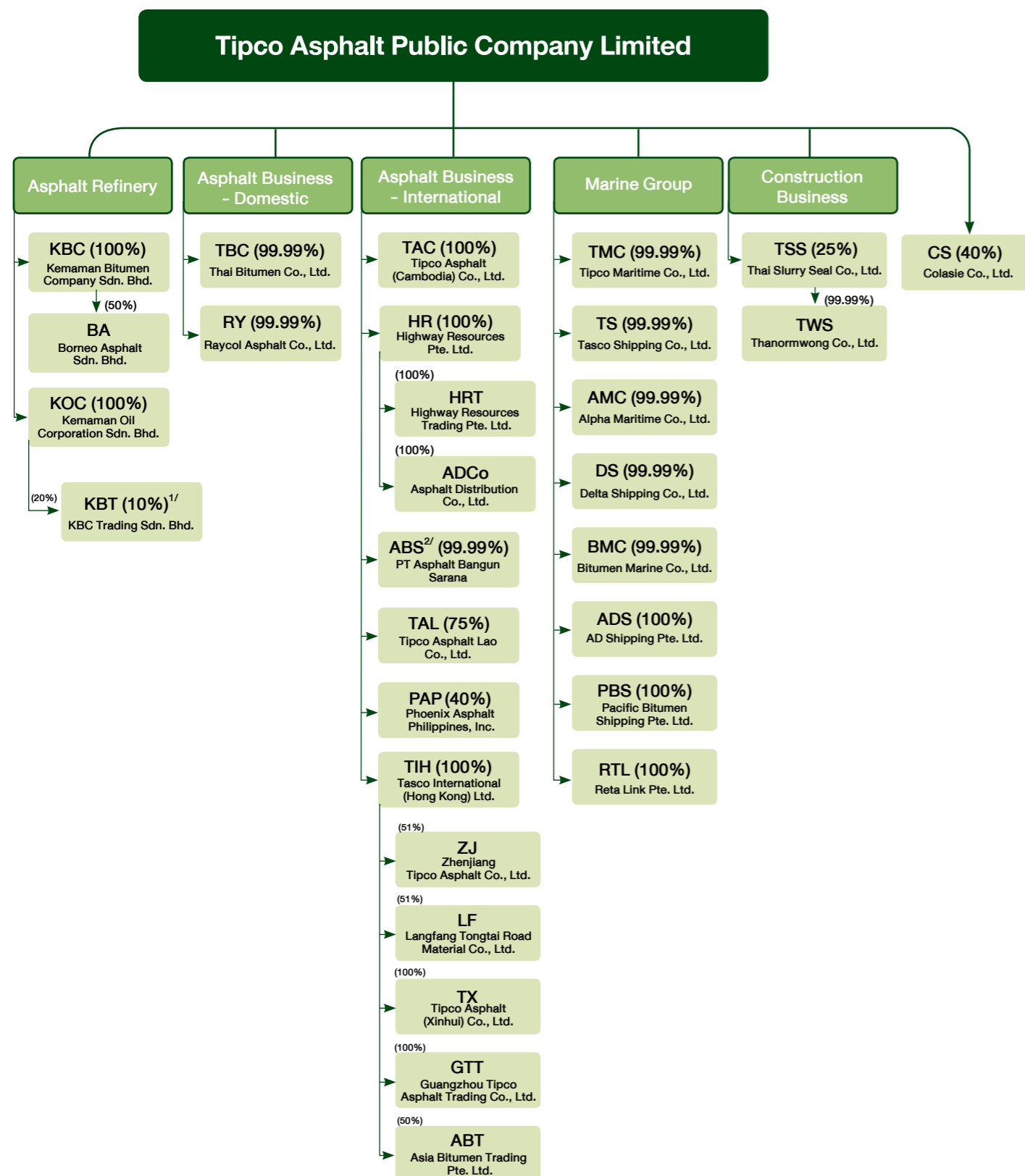
2014 - 2015 Senior Officer - Corporate Affairs and Strategy, Tipco Asphalt Plc.

2012 - 2014 Senior Officer - Strategist for international business, Siam Commercial Bank (Type of business: Banking)

Non-Listed Company -none-

# ORGANIZATION STRUCTURE





1/ KBC Trading Sdn. Bhd. (KBT) was held 20% by Kemaman Oil Corporation Sdn. Bhd. (KOC) and 10% by Tipco Asphalt Public Company Limited

2/ PT Asphalt Bangun Sarana (ABS) holds 99.91% of ordinary shares in PT Saranaraya Reka Cipta (SRC) and 49% in PT Sarana Distribusi Aspal Nusantara (SDAN)

## RELATIONSHIP BETWEEN THE MAJOR SHAREHOLDER'S BUSINESS GROUPS

The first group of major shareholders are Tipco Foods Plc. and the Supsakorn family, the founding shareholders. The other group is Colas S.A. of France, world leader in construction and maintenance of transport infrastructure. Colas became a 22.7% strategic shareholder of the Company in 2000. Shareholding currently stands at 31.1%. Through a Technical Assistance Agreement, the Company receives unlimited assistance on asphalt technology from Colas, including access to the latter's central asphalt research and development center in France, and to specialty asphalt products formulations and application techniques.

## MAJOR SHAREHOLDERS

The Company's top 10 major shareholders as of 31<sup>st</sup> December 2019 are as follows:

RANK	MAJOR SHAREHOLDERS	NO. OF SHARES	%
1.	BNP PARIBAS SECURITIES (ASIA) PTE LTD - FOR COLAS	490,731,040	31.123
2.	Tipco Foods Plc	369,881,660	23.458
3.	NVDR	132,640,054	8.412
4.	Supsakorn Family	111,577,000	7.076
5.	SOUTH EAST ASIA UK (TYPE C) NOMINEES LIMITED	21,039,128	1.334
6.	Mr. Chuwong Tientsu	12,195,100	0.773
7.	STATE STREET EUROPE LIMITED	10,832,835	0.687
8.	Mr. Pichit Lertamrub	9,950,500	0.631
9.	UOB Value Plus - Dividend Long Term Equity Fund	7,716,500	0.489
10.	Mr. Chaiwat Sivasirikarul	6,550,000	0.415
11.	Others	403,649,253	25.600
<b>Total</b>		<b>1,576,763,070</b>	<b>100.000</b>

As of 31<sup>st</sup> December 2019, total shares held by members of the Board of Directors accounted for 4.3% of total shares

## DIVIDEND POLICY

The Company has the policy to pay dividend of not less than 60% of consolidated financial statement's net profit of each fiscal year. However, the actual dividend payment depends on cash flow, investment plan of the Company, term and conditions of agreements entered by the Company, together with all other conditions of necessity and suitability in the future.

Details of dividend paid (baht/share) for the past 5 years are as follows:

Unit : Baht	2015	2016	2017	2018	2019
Dividend/share	0.9	0.9	1.2	0.3	1.5 <sup>1/</sup>

1/ Include the proposed final dividend of Baht 1.1 per shares, which is subjected to approval at 2020 AGM.







# PERFORMANCE & RISK MANAGEMENT

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36 PRODUCTS OF THE GROUP

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38 BUSINESS PERFORMANCE

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43 RISK MANAGEMENT AND RISK FACTORS

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## TYPES AND SOURCES OF RAW MATERIALS

Asphalt Cement (AC) is a refined product from crude oil and is used as the main raw material for manufacturing asphalt emulsion, cutback asphalt, polymer-modified asphalt, and natural latex-modified asphalt cement. Currently, the Group sources its AC supply from its own asphalt refinery in Malaysia, as well as local and international refineries. This has mitigated the risks associated with reliance on one single source, and has additionally enabled us to control the cost of the main raw material.

## OTHER RAW MATERIALS

The Group imports chemicals used in the manufacturing of asphalt emulsion and polymer modified asphalt, representing around 10% of total raw materials used. Meanwhile, the remaining 90% is sourced through local suppliers. The Group also purchases ultra low ammonia latex locally, which allows us to produce environmentally-friendly natural latex-modified asphalt cement.

## CHEMICALS CAN BE CLASSIFIED INTO TWO CATEGORIES AS FOLLOWS:

- **Solvents:** The market price of solvents fluctuates in line with the price of oil. All solvents can be sourced locally, meaning there is little risk of raw material shortage.
- **Emulsifiers:** The Group uses several kinds of emulsifiers, which can be imported from international suppliers through their authorized agents or sourced locally. Market prices of emulsifiers are relatively stable.

## PRODUCTS FOR WHICH THE GROUP SERVES AS DISTRIBUTOR:

- Asphalt Cement purchased from local and international suppliers
- Diesel and bunker oil purchased from oil refineries and traders
- Lubricant products such as engine oil, transmission fluid, hydraulic oil purchased from refinery in South Korea and traders

The Group has integrated sustainable awareness into its procurement process to ensure the same spirit of environmental-consciousness exists throughout the supply chain. Appropriate policies and procedures have been put into place to ensure this. The procurement criteria was established with a focus on environment, safety, human rights, transparency and fairness, alongside the pre-existing procurement standards.

A team made up of representatives from various departments within the Group is sent on annual supplier visits to assess suppliers' operational practices relating to ESG issues and to make sure they comply with the Group's standards of sustainable awareness. The Group kept sourcing for green products, i.e. energy saving, environmental friendly and promoting purchase from local suppliers.

The Group continued to strive for improvement in the procurement process aiming for sustainable development.

## PRODUCTS PRODUCED BY THE GROUP INCLUDE:

- **Asphalt Cement (AC):** Our refinery in Malaysia refines heavy crude oil to produce AC, which accounts for approximately 75% of total refinery output. There are various grades of asphalt which are 20/30, 40/50, and 60/70. In the event of high demand, the Group will secure additional volume from other local and international suppliers.
- **Asphalt Emulsion (AE)** is a mixture of asphalt cement, water and chemicals. AE is environmentally friendly which eliminate oil evaporation into the atmosphere. Emulsified Asphalt Prime ("EAP") is the latest AE which was developed in order to phase out cutback asphalt and thereby to reduce the environmental impact from road construction and maintenance. Our Group is the first to receive official specification approval from the Department of Highways for its prime coat product.
- **Cutback Asphalt (CB)** is a mixture of asphalt cement and petroleum solvents. It is used mainly for prime coating. At present, cutback asphalt has become less popular due to its higher production costs and considerable environmental impact.
- **Polymer modified asphalt cement (PMA)** is a premium-grade asphalt mixture comprising polymer compounds and asphalt cement. PMA has a number of properties that make it superior to regular AC, particularly, its softening point, elastic recovery, cohesion, toughness and tenacity. These characteristics make for greater rutting resistance on highways. Once applied to the surface pavement of highways and airport runways, PMA will help extend the useful life of the road and runway compared to normal asphalt cement. The Group was the innovator to launch this new modified asphalt by using natural latex as a modifier. The Department of Highways has established this new asphalt product under the name, natural rubber modified asphalt or Para AC. Para AC is better suited for construction and maintenance in areas with high traffic density. In 2017, we successfully developed Para AC by using special grade

concentrated natural latex which reduces Para AC odor and eliminates pollution during production and application.

- **Modified asphalt emulsion or natural rubber modified asphalt emulsion** is a mixture of asphalt cement, water, chemicals and natural latex. The product application is similar to that of slurry seal. The key benefit of Para slurry seal is its higher skid resistance on road surfaces which helps promote road safety. Another benefit of Para slurry seal is the significant reduction in road closure time. Para slurry seal requires only one hour of curing time before a repaired area can be reopened to traffic, in contrast to the four hours of curing time needed with regular slurry seal.
- **Premix** is an instant, ready-mixed, ready-to-be-used product that is sold in 20 kg retail packages. Premix is made from selected aggregates (with proper gradation), readily mixed asphalt emulsion and some additives, all combining to promote extra bonding properties. Premix products are ideal for road surface repairs, potholes and other small road projects.
- **Tipco Joint Sealer and Tipco Joint Primer** both refer to asphalt cement mixed with special additives, which possess extra durability under extreme weather conditions. Both sealer and primer exhibit high properties of flexibility while adhering strongly to joint components. Both Sealer and Primer can be used to seal joints between concrete slabs.
- **Kerosene, Naphtha, Atmospheric Gas Oil (AGO), and Vacuum Gas Oil (VGO)** are by-products of the KBC refinery in Malaysia. These products are distributed directly to local and regional customers.

## ASPHALT REFINERY IN MALAYSIA

Kemaman Bitumen Company Sdn Bhd. ('KBC'), a wholly owned subsidiary of Tipco Asphalt, is located on a 41-hectares site in Teluk Kalung Industrial Area, Kemaman, Terengganu on the east coast of Malaysia. It is a specialised asphalt refinery with a designed capacity to process 30,000 bbl/day of high total acid number (TAN) heavy crude oil. KBC produces various grades of asphalt, atmospheric gas oil (AGO), vacuum gas oil (VGO) and naphtha. KBC employs nearly 200 experienced refinery and Petrochemical personnel among its management and operations staff.

In 2019, the refinery processed 12.5 million barrels of crude oil, producing 1,051,000 tons of high quality asphalt, along with 346,000 tons of non-asphalt products and 3.6 million barrels of bitumen mix. The throughput of the KBC refinery in 2019 was significantly higher than the previous year when approximately 6.5 million barrels of crude oil were processed. The significant increase can be attributed to the Group's ability to secure much greater volumes of crude oil in 2019. As always, the refinery team focused on maintaining a high level of plant reliability, reflected in the figures which stood at nearly 96.1%. KBC continues to operate using best practices as corroborated by the ISO 9001, ISO14001 and OHSAS 18001 certifications that have been renewed by the relevant agencies up to September 2021. Currently the refinery is in the process of obtaining the latest ISO 45001:2018 Occupational Health and Safety Management System certification.

Following a fire incident took place in July 2018 that saw two crude oil storage tanks destroyed and a third one partially damaged, KBC took immediate action to clean up the affected tank farm and dispose of the hydrocarbon and other debris, in line with regulations and in co-operation with all relevant authorities. The damaged tanks have been thoroughly repaired and put back into service, with the addition of improved fire-fighting facilities. The construction of two new crude oil storage tanks is currently under way and will be completed in H1, 2020 as scheduled. A detailed review of the fire safety & design philosophy for the entire refinery was undertaken with the help of a specialised consulting firm and has been endorsed by the domestic fire safety authorities. Action has already commenced on implementing the recommendations



of this study and will be completed in phases over the next 24 months. In the meantime, the refinery has continued to operate at optimal levels and recorded its highest ever monthly throughput in October 2019.

KBC has submitted a claim with its insurers, and discussions are at an advanced stage for settlement of same. Two interim payments, of RM60 million and RM20 million respectively, have been received in the year under review, with the final settlement payment expected upon completion of the new tanks under construction. Going forward, KBC continues to maintain adequate material damage and business interruption Insurance cover.

The domestic asphalt demand in Malaysia during the year under review was steady. Our domestic trading company, M/s KBC Trading Sdn. Bhd. recorded a 12.5% growth in sales volume during the year. M/s Borneo Asphalt Sdn. Bhd., the new joint-venture company established in the State of Sarawak is in the process of constructing its first import and distribution facility in Kuching and will be ready to commence operations in 2020. This will help KBC in its efforts to establish its footprint on the Borneo Island part of Malaysia, and increase its market share.

## THAILAND MARKET

The total demand for all asphalt products in Thailand was estimated to have reached 1.28 million tons in 2019. Of this, amount 0.91 million tons was asphalt cement, while the remaining 0.37 million tons was asphalt emulsion and other premium products, such as cutback asphalt, polymer-modified asphalt, and natural latex modified asphalt cement. Asphalt demand in the country increased by 11% from 2018 to 2019. The increase in demand can be explained by a rise in government budget in 2019. Due to the delay in the government budget approval process, 2020's budget spending will be announced in the first quarter of 2020 (rather than in October 2019 when it was expected).

As the market leader for asphalt products in Thailand, the Company has been successfully commanding customer confidence and trust based on excellent-quality products, superior-customer services, prompt deliveries and continuous efforts on product innovations. In order to continue improving service quality, the Company has conducted in-depth interviews with our customers regarding our products and services. The interviews confirmed the Company's position as the leader for asphalt products in Thailand across all areas for both

products and services. Further 3 areas for development of a class-leading, client centric experience were also identified namely sales as business partner, technical knowledge management, and a digital order-fulfillment platform.

The Company was able to significantly expand the market for latex-based products. The Company would like to point out its cutting-edge latex-based products were a successful innovation that have now become the preferred construction and maintenance technique advocated by the Department of Highways, the Department of Rural Roads and the Expressway Authority of Thailand.

## 2019 KEY CONSTRUCTION AND MAINTENANCE PROJECTS: MICRO-SURFACING TECHNIQUE (PARA SLURRY SEAL):

- Renovate and level the expansion joint on Sirat Expressway using Para Slurry Seal technique.
- Resealing on Highways No. 305 Ongkharak - Nakonnayok
- Surface upgrading on Highways No. 350 Ratchadaphisak - Ram Intra)

## BUSINESS PERFORMANCE

### COLORED PARA SLURRY SEAL TECHNIQUE:

- Improve roads connecting tourist attractions Phlio District Municipality – Bang Sakauw Center of Art and Media

### PREMIUM GRADE ASPHALT TECHNIQUE:

- Major Rural Road Restoration Project to increase Pavement Safety Efficiency on Ratchapruek Road, using Porous Asphalt technique.
- Project to expand traffic lanes on Kanlapaphruek Road, using Polymer Modified Asphalt Cement or PMA.
- Surface Enhancement of Department of Highways, using Porous Asphalt technique on Motorways Bangkok – Chonburi
- Highways and main road maintenance of Department of Highways, using polymer modified asphalt cement or PMA on Highways No.2 Saraburi – Nakhonratchasima
- Rural roads maintenance of Department of Rural Roads, using natural rubber modified asphalt cement or Para AC on Roads No. 2148 Banpakum Dankunthod district Nakorn Ratchasima province
- Highway and main road maintenance of Department of Highways, using asphalt cement grade 40-50 on Highways No. 344 Ban Bueng – Klaeng

### THAILAND OPERATION

The Group has several manufacturing facilities for polymer modified asphalt and asphalt emulsion located across Thailand. In addition, we also own 2 asphalt logistic terminals in Samutprakarn and Suratthani. In 2019, the Group expanded these asphalt logistic terminal capacity with more storage tanks to accommodate future demand growth. For instance, the Samutprakarn plant has been upgraded with new pipelines to increase terminal capacity, safety and quality. The Rayong plant expanded asphalt feeder tanks to increase the plant's production capacity of polymer modify asphalt. The Phasanulok plant has been equipped with an upgraded tank heating system to increase its production capacity of polymer modified asphalt.

Thanks to the strategic locations of our manufacturing facilities, we can provide timely delivery services to our customers

through our own 200 road tanker trucks fleets plus additional 100 tanker trucks provided by our exclusive logistic partners. 4 new outsourced truck companies have joined the Samutprakarn and Surathanee distribution teams for greater fleet reliability and cost reduction. In commitment to safety and truck utilization, Thailand logistic and distribution operates under centralized - control function which monitor all truck on 24/6 basis. Our distribution performs with highly accredited Certificate of Road Traffic Safety ISO 39001.

Our manufacturing facilities succeeded in supplying special products such as asphalt cement grade 40-50, polymer modified asphalt (PMA) and performance grade (PG 76) to domestic and international projects. These premium products, with international specifications, were dedicated to important projects such as the Suwannabhumi Airport runways and other similar projects in Cambodia.

### INTERNATIONAL WHOLESALE MARKET

Favorable market conditions of 2019 helped bolster the Company's International Wholesale department volume by a noteworthy 30%. The market kept a steady momentum throughout the year, and we seized this opportunity to increase our sales.

Towards the end of the year, the usual winter period slowdown coupled with uncertainties related to the expected impact of the IMO 2020, led some importers to take a more conservative approach in their purchase commitments.

Key markets sales to in 2019 was buoyant thanks to strengthening ties with some key importers, China sales increased sharply as compared with 2018. In Indonesia, sales jumped with the winning of a key tender. In Vietnam, while competition remained particularly aggressive during first half of the year, we were ultimately able to strengthen our positions, and even saw some growth. On the other hand, imports to Australia and New Zealand lessened due to a drop in demand.

While moving products to the West was challenging for the third consecutive year, the Company's sales to other markets remained stable with some exports to the Middle East and South Asia. Nevertheless, sales to the Philippines have increased and shown good prospects.



### INTERNATIONAL RETAIL MARKET

The demand for asphalt in China's retail sector was lower than expected in 2019 due to on-going trade wars with the United States of America, and the depreciation of the Yuan which had an impact on the overall economy and the market environment. Nevertheless, our Chinese subsidiaries have managed to deliver a good financial performance, thanks to their flexibility and resourcefulness, which allowed them to adapt to a fast-changing market environment.

Overall, the Indonesian asphalt market increased by 10% in 2019. Specifically, the Sumatra region recorded a growth of 16% thanks to the TranSumatra projects. The Group's Indonesian subsidiary, PT Asphalt Bangun Sarana (ABS), benefited from this growth thanks to its strategic location in Palembang, which helped it reach record sales volume in 2019. ABS also successfully completed the supply of the renovation of the Jakarta airport runway. It is currently completing for a number of projects in key international airports and highways across Java.

Regarding the Vietnam retail market, the first half of 2019 recorded a contraction of 8% which was the consequence of

volatile asphalt pricing, and a policy change implemented by the Ministry of Transport. The Company's subsidiary, Asphalt Distribution Company Limited (ADCo), managed to maintain its #2 market leader position, and achieved its second highest sales volume ever in 2019. ADCo's long term efforts to promote high-performance pavement solutions to both highways and airport segments have been rewarded –ADCo has been chosen to supply the construction of the new Formula 1 race track in Hanoi, a prestigious project.

The Cambodian asphalt market slowed down in 2019. This was because some of the main projects were postponed due to delays in ministry approval and funds release. Despite stronger competition from border trade, the Group's Cambodia subsidiary, Tipco Asphalt (Cambodia) Company Limited (TAC), maintained its market leadership position by supplying premium-grade asphalt products to Sihanoukville international airport and national road projects.

The Group's Joint Venture company in the Philippines, Phoenix Asphalt Philippines Inc., finalized the construction of its terminal in 2019 on time while managing to commence commercial operations earlier than expected.

## RISK MANAGEMENT AND RISK FACTORS



### THE MARINE GROUP

The Marine Group is a major contributor to the Group's overall performance. It is responsible for establishing a clear shipping strategy that meets the logistical requirements of the Group's international wholesale and international retail businesses, and its supply department.

The Marine Group owns, manages and operates a fleet of eight state of the art asphalt tankers for a total of 42,902 MT DWT and an average age of 12. Given low freights throughout the year despite the erosion of asphalt tonnage supply in Asia to other regions and the upcoming implementation of the 2020 sulphur regulation, the Group further reduced its bitumen fleet in August 2019 by disposal of MT TASCO 1 to a Middle East owner.

Our full in-house ship-management subsidiary, Tipco Maritime Co., Ltd., is a strategic subsidiary for our tanker asset profitability, allowing the Group to have first-hand control on our fleet quality, maintenance and cost efficiency.

Tipco Maritime Co., Ltd. successfully achieved this year its ISO 9001:2015 & 14001:2015 Certification as Owners, Operators, Charterers & Managers of Oil tankers by Lloyds Register. It achieved also an OCIMF/VIQ of 4.1 average observations per tanker in 2019 and Tanker Management and Self-Assessment("TMSA") score of 1.5 at last assessed value Quarter 4 in 2017.

Finally, the Marine Group greatly contributed to maintaining the Group's crude oil supply by proposing and implementing innovative logistical solutions in the wake of crude supply disruptions.



### ENTERPRISE RISK MANAGEMENT

The Group Enterprise Risk Management framework mainly focuses on identifying and assessing the uncertainties associated with its strategic and business objectives. The Enterprise Risk Management practice of the Group follows guideline of the Committee of Sponsoring Organizations of the Treadway Commission (COSO)-ERM (version 2017) framework, which emphasizes upon effective ERM execution through risk governance and culture, linkages with strategy and operational performance, risk reviews, and regular communication & report. So far, the Group has already implemented risk management practices in all existing units/entities in Thailand, maritime business, local plants, truck logistics units, its refinery facility in Malaysia including a joint venture company in Singapore, and is set to broaden its scope to include all other offshore subsidiaries and related businesses in which the Group has significant investment (at least 20% percent of shares with voting rights).

As the core of the Company ERM, the Risk Management Policy was formulated in accordance with the Group business goals, strategies and risk appetite. The Risk Management Policy identifies early warning signals of key risks through impact/likelihood assessments and key risk indicators, and devises risk mitigation plans accordingly. These are then carefully monitored and reviewed on a regular basis.

The Group enterprise risk management structure was conscientiously designed in compliance with the Good Corporate Governance principle and Risk Management Policy. The Risk Management Committee (RMC) was first established under the auspices of the Board of Directors and the Executive Committee (EC), to ensure that the Group principal and substantial risks are identified through consideration of related internal and external disruptive factors. It was also designed to encourage all related stakeholders to follow prudent risk management practices, and to help them be fully prepared for all possible scenarios.

The Risk Management Office (RMO) was established by RMC in 2015 to facilitate and exercise adequate oversight of the risk management practices employed by each of the respective business units. The RMO works proactively with respective Business Unit (BU) leaders and Risk Champions/ Risk Officers in order to ensure effective implementation of the risk management progresses and internal controls including risk communication across the Company. The RMO operates within the COSO-ERM framework, conducts regular checks, and reports its risk findings to the RMC, the EC and ultimately to the Board of Directors.

## RISK FACTORS

### RISK RELATED TO FINANCE

The Group business activities are exposed to various financial risks, including those related to credit, liquidity, foreign currency, interest rates and oil prices. The Group uses various financial instruments to manage any identified financial risks, but does not use financial instruments for trading or speculative purposes.

The Group Finance Department operates as a service center, providing treasury advice, funding, risk and management assistance; it also liaises with financial institutions and manages financial risks related to the Group overall operations in order to ensure that Tipco Asphalt's strategic objectives are met. The use of financial instruments is strictly controlled by policies approved by the Board of Directors. The policies provide specific direction in relation to financial risk management, including commodity hedging, foreign currency, interest rate, credit and liquidity risks.

### CREDIT RISK

The Group credit policy is regularly reviewed and updated, and our exposure to credit risk is closely monitored on an on-going basis. Credit review and evaluations are performed on all customers, while credit approvals are based on delegated limits of authority by credit committees.

The sales collections have improved this year due to concerted efforts by both the credit team and the sales team to lower days sales outstanding (DSO) and recovering of bad debts. The Group is determined to improve its collection efforts.

### LIQUIDITY RISK

The Group operates under unsecured short-term trade and working capital facility arrangements with reputable local and international banks that have combined limits of over Baht 42 billion or USD 1.37 billion. This amount is more than sufficient to support higher financing requirements for crude purchase in the event of high crude prices. Hence, liquidity risk of the Group is minimized.

### CURRENCY RISK

The Group is exposed to foreign currency risk. This occurs because of purchases of raw materials and export revenue. The risk is adequately mitigated through the provision of financing and exporting revenue in the same currency. There are also forward contracts booked for known foreign currency debts and expenses which all have maturities of less than six months.

### INTEREST RATE RISK

The Group may consider entering into a new interest swap if and when it is exposed to any new long-term loans.

### RISKS RELATED TO OIL PRICE FLUCTUATION

The markets for petroleum and petroleum-related products have been moving upward in line with a crude price range that stood at USD 54-74 per barrel during the year. The Group hedging policy has continued to be effective and contributed to positive operating results in managing these market risks. In order to address and mitigate price fluctuation risks for both crude oil and the finished products at all times, the Company evaluates its hedging strategy for each crude cargo carefully. A four-way collar is used to protect the risk of higher crude costs, while the down-side risks of non-asphalt revenue is protected by selling SWAP.

### REFINERY OPERATING ENVIRONMENT

The KBC refinery continues to focus strongly on safety and and responsibility within the refinery operating environment in Malaysia. The detailed fire safety design philosophy (FSDP) review which was initiated in 2018, has been completed and a series of recommendations have been finalized in consultation with the Fire-Safety Department of Malaysia (Bomba). Action based on these recommendations has already been initiated, the results of which will be achieved over time. Additional budgets have been allocated to implement the FSDP recommendations, and to support development and training, programmes and campaigns, environmental monitoring and emergency response. The proactive plant integrity identification and assessment processes have enabled

KBC to identify the maintenance and upgrade projects required to ensure continuous availability and operability of plant equipment. These actions have contributed significantly towards enhancing the plant's reliability. In fact, KBC managed to achieve a plant reliability level of 96.1% in 2019. The refinery team continues to focus on asset integrity to ensure no unit fails prematurely.

In the area of personal safety, KBC is working towards a strong safety culture anchored by its 'Goal Zero' initiative. While the KBC team takes pride in having a zero-fatality track record since its inception and 1.12 million man-hours without Lost Time Injury (LTI), a small number of minor safety incidents and first aid cases were nonetheless recorded in 2019. These cases highlight the need to continue carrying out safety initiatives for all employees and contractors, with special focus on situational awareness and risk identification campaigns as carried out previously.

KBC continues to prioritize emergency preparedness and response to help prevent incidents, and to ensure emergencies can be dealt with as efficiently and effectively as possible. Joint exercises and drills performed in collaboration with the Fire and Rescue Department and with other industrial entities in the neighborhood have helped KBC update and strengthen its Oil Spill Response Plan and Emergency Response Plan.

KBC is committed to protecting the environment and minimizing the environmental impacts of its operations, products and services. The Refinery operates in total compliance with local environmental legislations and other related international conventions and protocols, and follows stringent environmental standards. All emissions and effluent discharges are managed in accordance with the Company's Health, Safety, Security, Environment (HSSE) Commitment and Policy, and KBC strives for continuous improvements of its operations with regards to the environment. KBC continues to operate using best practices as reflected in its reception of the ISO 9001:2015 and ISO 14001:2015 and OHSAS 18001 certifications. The KBC is currently moving towards obtaining the ISO 45001:2018 Occupational Health and Safety Management System certification.

### ASPHALT CEMENT SUPPLY

Fluctuations in asphalt cement (AC) prices have posed a major risk to the Group. It continues to mitigate supply risks by maintaining good, long-term relationships with all refineries in Asia, a task which is accomplished through regular supply contracts and enquiries. Currently, supply risk is mitigated by the ability to source AC from its own asphalt refinery in Malaysia. Expanding collaborative networks with key partners has also helped identify new sources of AC supply at competitive prices.

### RISKS RELATED TO MARITIME BUSINESS

The Group owns, manages and operates eight asphalt tankers. We are focused on maintaining a high-quality tonnage through a clear shipping strategy and prudent sales and purchase. The modernized quality tonnage maintained by the Group will suitably support its increased sales activities in the Asia Pacific and Australia regions, thus reducing the risk exposure associated with capacity constraints.

The Marine Group operates with the mission of zero accidents, zero injuries and zero oil spills. In addition, our Assets are insured by first class insurance companies.

The biggest challenge facing the industry is the shortage of well-trained personnel. The Group continues to make serious efforts in training and developing its shipping personnel in order to face the industry's challenges.

### RISKS RELATED TO THE DOMESTIC MARKET

The majority of asphalt demand is closely linked to the government's policy and its budget. The stability of the government continues to have a significant impact on asphalt demand in Thailand.

In the fiscal year 2019, the government allocated 134,946 million Baht for road maintenance and construction. The government budget remained strong in 2019 to support its 5-year plan for strengthening and connecting infrastructure. The government budget for 2020 is expected to be announced in the first quarter of the year, and is likely to be disbursed during the second quarter.

## RISKS RELATED TO THE INTERNATIONAL WHOLESALE BUSINESS

The main risks posed by uncertainty in crude supply have generally been subsided. However, there remain some irregularities related to operations at the load ports. The crude shipping industry has been in turmoil for the past 6 months for a number of reasons which has resulted in a narrowed availability of crude vessels and a drastic increase in freight expenses.

The on-going trade war with the United States kept China's market suffering in both the private and governmental sectors as the RMB weakened against the USD. This reduce Chinese customers' purchasing power. Cuts in budget spending by the government lowered demand for imported asphalt. Having said that, thanks to its diversified customer portfolio, the Company has managed to mitigate the risks of fluctuating demand, not just in China but across all of its markets.

Various responses from each refinery towards IMO 2020 caused tremendous uncertainty regarding asphalt supply in the region. As result, changes in the movement of asphalt within the region and the trans-continent started to surface as IMO 2020 was approaching. Abnormalities and imbalances in the supply-demand of asphalt also transpired. Furthermore, since asphalt prices have no correlation with fuel prices, risks related to asphalt prices remain difficult to manage.

## RISKS RELATED TO THE INTERNATIONAL RETAIL BUSINESS

The safety of all employees and all contractors/third parties remains the group's top priority. As international retail business is exposed to all industrial risks, all companies have an active safety policy based on regular audit and continuous improvement. Good practices are shared among all entities, and contractors/third parties are audited and expected to comply with the minimum safety requirements.

## RISKS RELATED TO INFORMATION TECHNOLOGY AND CYBERSECURITIES

While increasing the digital connectivity of the Group's business process chain creates agility, it also raises cybersecurity risks and threat levels. The Group's IT department is in the process of formulating a Cyber Risk Management Program to identify, assess, and respond to cyber risk. In this regard, the CIS Control™ (v7) security framework was applied to this program to ensure that controls have been addressed correctly.

### **Information Security Risk**

The Group has shared and stored digital information with many businesses. Its own information technology security policy was developed to ensure that all information technology users within the domain of the group and its networks comply with stringent rules and guidelines. The policy is reviewed on a regular basis by both internal and external audit teams for improvement to make the process more efficient and effective.

### **Access Control Risk**

The Group's systems must be able to handle all internal and external threats. To prevent unauthorized access to its systems and applications, the IT Group has implemented new protective technology to mitigate all vulnerabilities, while creating a continually improving process. It is one of IT department's key priorities to restrict, monitor and protect the confidentiality, integrity and availability of the Group's resources and system.

All ERP accesses have been revised by our IT Group and Business Process Owner (BPO) to ensure that each role and responsibility is correct in accordance with the business' functional requirements. The access control was managed by our IT Group under the group's own conscientious policy and authority.

### **Operations Security Risk**

The Group's operation is exposed to many information processing facilities and operates in line with existing IT work instructions (WI) procedure. Nonetheless, the possibility of operation failure persists, as the group has grown and become more complex.

A high and effective standard in IT service management is now included in the IT Group's development plan, which focuses on the developments of Incident, Problem and Change Management.

This new procedure will be applied to the Application Manage Services project (AMS). The AMS project will fully support the new Tipco Asphalt's ERP system in its daily operations. Once the ERP system is stabilized, every process will become fully automatic and integrated. In addition, the IT Group will continue to enhance new ERP features, and expand it to other areas of operations using the same standard.

## RISK MANAGEMENT RELATED TO ENVIRONMENT, SOCIAL AND GOVERNANCE (ESG)

The Group realizes the importance of ESG risk management practice to ensure that our businesses can grow in a sustainable manner. Amidst a rapidly changing global environment, coupled with emerging uncertainties, there are several factors that could either positively or adversely impact the Group. Therefore, the Group proactive risk management has become a key part of its Vision 2020 strategic plan which encompasses risk managements across several areas including occupational health, safety, environment, economic, social and governance.

The Group governance risk management has focused on good citizenship. This involves establishing a protocol for operations that complies with all relevant laws, requirements and regulations. The Group must fully comply with all related regulations pertaining to safety, environment etc. In addition, the Security Safety Health & Environment (SSHE Function) and Sustainable Development Officers (SD Function) are responsible for monitoring new regulations, conducting the evaluation of compliance, managing any internal noncompliance found, and conducting regular reviews to ensure that the Group business operations fully comply with the latest applicable regulations and requirements, with full awareness of occupational health, safety, environment, economy, and society.

In addition to social and environmental risk management, the Group has also focused its operational risk management on occupational health and safety (OH&S), road traffic safety (RTS) and environment. Our risk management schemes in these areas focus on identifying and mitigating risks in compliance with the Occupational Health and Safety Management System (ISO45001:2018 standard), Environmental Management System (ISO14001:2015 standard), Road Traffic Safety Management System (ISO39001:2012 standard), the Integrated Management System (IMS), and the Quality Management System (ISO9001:2015 standard). Major operational risks, like the fire incident in Malaysia, product spillages and road traffic accidents of distribution trucks have been mitigated through the installation of CCTV & GPS Tracking System in each of our asphalt truck units, preventive & autonomous maintenance, defensive driving courses training for all drivers, and the distribution of route surveys prior to delivery.

Anti-corruption risk assessment has been performed by the Risk Management Committee (through Risk Management Office) to constantly identify related risks, corresponding likelihood and impacts including internal controls and related working instructions to mitigate residual risks. In addition, the Anti-Corruption Policy was revised, with the development of an Anti-Corruption Guideline Manual as a major tool to promote corruption prevention. A regular monitoring system has also been put in place, the results of which are to be reported to the Risk Management Committee (RMC), the Corporate Governance Committee (CG) and ultimately, the Board of Directors.





# RESPONSIBILITIES OF THE BOARD

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50 BOARD OF DIRECTORS

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62 EXECUTIVE COMMITTEE

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64 AUDIT COMMITTEE

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65 NOMINATION AND REMUNERATION COMMITTEE

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68 CORPORATE GOVERNANCE COMMITTEE

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## RESPONSIBILITIES OF THE BOARD



### BOARD OF DIRECTORS

The Board of Directors of Tipco Asphalt Plc. is composed of 15 members as follows:

- |   |  |
|---|--|
| 1. Ms. Laksana Supsakorn                | Chairman/Director                          |
| 2. Mr. Chainoi Puankosoom               | Vice Chairman/Independent Director         |
| 3. Mr. Koh Ban Heng                     | Independent Director                       |
| 4. Mr. Phirasilp Subhapholsiri          | Independent Director                       |
| 5. Mr. Nopporn Thepsithar               | Independent Director                       |
| 6. Mrs. Anne-Marie Machet               | Independent Director                       |
| 7. Mr. Parnchalerm Sutatam              | Independent Director                       |
| 8. Mr. Niphon Suthimai                  | Independent Director                       |
| 9. Mr. Herve Le Bouc                    | Director                                   |
| 10. Mr. Frederic Gardes                 | Director                                   |
| 11. Mr. Somchit Sertthin                | Director                                   |
| 12. Mr. Chaiwat Srivalwat <sup>1/</sup> | Executive Director/Chief Executive Officer |
| 13. Mr. Jacques Pastor                  | Executive Director                         |
| 14. Mr. Jacques Marechal                | Executive Director                         |
| 15. Mr. Sitilarb Supsakorn              | Executive Director                         |

<sup>1/</sup> Mr. Chaiwat Srivalwat was appointed as new Chief Executive Officer in replacement of Mr. Somchit Sertthin with effect from 13 August 2019.

### DIRECTORS WITH AUTHORITY TO SIGN ON BEHALF OF THE COMPANY

The Authorized Directors who can bind the Company consisted of two groups of Directors. Binding the Company requires one Director from Group A and another Director from Group B to jointly sign and affix the Company's Seal. The Directors in Group A are Mr. Hervé Le Bouc, Mr. Frederic Gardes, Mr. Jacques Pastor, and Mr. Jacques Marechal. The Directors in Group B are Ms. Laksana Supsakorn, Mr. Somchit Sertthin, Mr. Sitilarb Supsakorn and Mr. Chaiwat Srivalwat.

### COMPOSITION AND APPOINTMENT

- The Board shall consist of at least 10 directors, but not exceed 15 directors. No fewer than half of the total number of directors shall have residence in the Kingdom of Thailand;
- At least one-third of all directors must be independent directors, the number of whom must be at least three;
- The Board of Directors shall elect one director to be the chairman of the Board ("Chairman") and elect one director to be vice chairman ("Vice Chairman") of the Board. The Vice Chairman is entitled to perform any act under the Articles of Association on behalf of the Chairman;
- The positions of Chairman of the Board and Chief Executive Officer are not held by the same individual for the sake of clear-cut segregation of roles and responsibilities; and
- The appointment of Directors must be based on transparency and clarity and shall abide by laws, regulations and relevant rules.

### QUALIFICATIONS FOR DIRECTORS

In selecting candidates to be appointed as the Company's Directors, the Nomination and Remuneration Committee is empowered to screen and nominate qualified persons. The desirable characteristics for a Director include:

- Integrity and accountability;
- Competency in financial, commercial or industrial matters and skills/capacity to provide strategic insight and direction;
- Experience in corporate management;

- Good interpersonal and communication skills;
- No conflict of interest or prohibited characteristics as specified in the Public Limited Company Act B.E. 2535; and
- Independent Directors shall possess the qualifications as specified in the Securities and Exchange Commission's guidelines and the Company's definition of an Independent Director.

Directors may hold directorships in no more than five listed companies, provided these holdings do not adversely affect their work as Directors of the Company.

### TERM OF OFFICE

- In every annual general meeting of shareholders, one-third of Directors shall vacate in proportion. If the number of Directors is not a multiple of three, the number of directors closest to one-third shall vacate;

A Director who vacates under this section may be re-elected;

- In the case of a vacancy in the Board of Directors for reasons other than the termination of the term of office, the Board of Directors shall elect a person who has the necessary qualifications, and is not under any of the prohibitions under section 68 of Public Limited Company Act B.E. 2535 as the substitute director at the next meeting of the Board of Directors, unless the remaining term of office of the said Director is less than two months;

The resolution of the Board of Directors under the above paragraph shall be a vote of not less than three-fourths of the number of Directors remaining;

The substitute Director under paragraph one shall hold office only for the remaining term of office of the Director whom he or she replaces;

- Term of office of the Chairman is two years;

4. In addition to vacating office upon the termination of the term under the Public Limited Company Act B.E. 2535, Directors shall vacate office upon:
  1. Death;
  2. Resignation;
  3. Being disqualified or being under any of the prohibitions;
  4. Removal by a resolution of the meeting of shareholders; and
  5. Removal by court order.
5. Retirement age is 75;
6. A member will be allowed to retain his/her directorship after his/her 75<sup>th</sup> birthday and remain as Director until his/her three-year term expires; and
7. Any Director wishing to resign from office shall submit his or her resignation letter to the Company and the resignation shall be effective from the date on which the Company receives the resignation letter.

## DUTIES AND RESPONSIBILITY OF THE BOARD OF DIRECTORS

The Board of Directors of Tipco Asphalt Public Company Limited ("Company") has a commitment to its fiduciary duties and responsibilities and shall ensure that the Company is managed and operated in the best interests of the shareholders. To adhere to these fiduciary duties, each director commits to the following key duties;

1. To perform duties with due care (Duty of Care);
2. To perform their duties with loyalty to protect the best interest of the Company and shareholders (Duty of Loyalty);
3. To comply with the laws and regulations, the Company's Objectives, the Company's Articles of Association, and the resolutions of the Board of Directors and shareholders' meetings (Duty of Obedience); and

4. To disclose information to the shareholders in an accurate, complete, transparent and timely manner (Duty of Disclosure).

The basic responsibility of the Directors is to exercise their business judgment in the best interest of its shareholders, while bolstering the Company's sustainable growth. The Board shall ensure that each director performs his/her duty in accordance with all relevant laws and regulations. In furtherance of its responsibilities, the Board of Directors shall;

1. Define, evaluate, approve and review, on a regular basis, the Company's vision, mission, corporate values, business policies, long-term plans and strategies;
2. Review, evaluate and approve the Company's budget and forecast, including resource allocation and capital expenditures;
3. Regularly review the Company's financial and operating results and adjust the Company's business strategies accordingly;
4. Review, evaluate and approve the overall corporate organizational structure, the assignment of senior management responsibilities and succession plans;
5. Review, evaluate and approve compensation packages pertaining to senior management of the Company;
6. Adopt, implement and monitor compliance with the Company's Code of Ethics;
7. Review and assess the effectiveness of the Company's policies and practices with respect to internal control, risk assessment and risk management;
8. Periodically review the Company's policies and progress relating to social responsibilities;



9. Conduct an annual self-evaluation, the results of which will be discussed with the full Board yearly to identify areas requiring further improvement;
10. Periodically review the performance of the Chief Executive Officer and approve a compensation package as deemed appropriate by the Board;
11. Review, at least annually: (i) the status of major litigation, (ii) Compliance with significant regulatory requirements affecting the Company; and (iii) corporate governance matters; and
12. Perform any other duties in accordance with the Board's and shareholders' resolutions.

## BOARD OF DIRECTORS AND CORPORATE STRATEGY

Since 2010, the Group has set out a long-term corporate strategy as a guideline for its business operations. This is thoroughly reviewed every 5 years. Our main focus is on the formulation of our Mission/Vision statements, and on the development of strategic goals supported by a set of strategic initiatives to help meet our long-term Mission and Vision.

In this regard, the Board of Directors plays crucial role not only in the formulation of the Group's Corporate Strategy, but also in monitoring its progress. When the strategic plan is re-visited every 5 years, top management proposes the updated

strategy plan to the Board of Directors their acknowledgement and approval. Meanwhile, all key strategic initiatives and action plans are implemented and closely monitored on a regular basis by the Corporate Strategy team, with all results presented to the Board of Directors members for their acknowledgement and comments.

In addition, since external factors constantly impact some of the ongoing strategic initiatives, corporate strategy review sessions are periodically conducted to revise any of the affected initiatives, and replace them if necessary. The Board of Directors participate in these reviews by providing their comments and recommendations to the relevant management teams. Initiatives are regularly updated to uphold the integrity of the Group's Vision/Mission.

During the period 18<sup>th</sup>-20<sup>th</sup> of December 2019, members of the Board of Directors participated in the Vision 2025 Workshop, set up to lay out the next 5-year long-term corporate strategy plan. Major objectives include revisiting the Group's overall strategic direction while taking into account all external factors, addressing key challenges in the petroleum and asphalt industries, and tackling all other disruptive factors. A new set of Mission/Vision targets were formulated for the Group, and new strategic initiatives proposed to accommodate the new strategic direction.

## DUTIES AND RESPONSIBILITIES OF THE CHAIRMAN OF THE BOARD

- To summon the meetings of the Board of Directors according to the pre-determined schedules and others as necessary;
- To preside over the Board of Directors meeting;
- To promote corporate governance standards of the Board of Directors;
- To preside over the Shareholders' meeting, and to conduct the meeting following the sequences of the agenda and in compliance with the Company's Articles of Association; and
- To perform the duties specified by the laws and regulations.

## RESPONSIBILITIES OF CHIEF EXECUTIVE OFFICER

- General operation management and control the business of the Company to comply with its objectives, policy, the Articles of Association, Public Limited Company Act, and Securities and Exchange Act;
- Propose business investment plans to the Executive Committee and the Board of Directors for approval;
- Approval Authority according to Company's Chart of Authority; and
- Carry out any assignment from the Board of Directors and/or the shareholders of the Company.

## BALANCE OF NON-EXECUTIVE DIRECTORS

The Board of Directors has 15 members, consisting of:

Executive Directors	4
Non-executive Directors	4
Independent Directors	7

There are four members of the Board of Directors who are Non - executive Directors but have relevant experience - Ms. Laksana Supsakorn, Mr. Hervé Le Bouc, Mr. Frederic Gardes and Mr. Somchit Serththin.

## SEPARATION OF POSITION

The positions of Chairman of the Board of Directors and Chief Executive Officer are not held by the same individual.

## BOARD MEETINGS

- The Directors must hold at least five meetings a year by setting meeting dates in advance and may convene extraordinary sessions if necessary;
- The Chairman or the assigned person shall send meeting invitations specifying the date, time, venue, and agenda details to all Directors at least five business days ahead of the meeting. Except for urgent cases where the company's interests need protecting, notification of the meeting can be given through other means and the meeting can be convened earlier;
- At a meeting of the Board of Directors, a quorum is constituted when at least twelve Directors (more than two-thirds of total number of directors) are present. If that quorum is not present within the first thirty minutes from the time when the meeting was set to begin, or if the quorum dissolves during the meeting, the meeting shall be adjourned for a minimum of seven business days;
- In the event that the Chairman of the Board does not attend the meeting or is unable to perform his/her duty, the Vice Chairman shall step in as Chairman of the meeting. If the Vice Chairman is not present or is unable to perform his duty, the Directors present may elect one of their members to be chairman of the meeting;
- Decisions at the meeting shall be made by majority votes;
- Each Director shall have one vote, but a director who has interests in any matter shall not be entitled to vote on such matter; and
- The Company Secretary or the assigned person is responsible for preparing the minutes of the meetings and for arranging the safe keeping of such certified minutes which need approval by the Directors at 25<sup>th</sup> Floor, Tipco Tower, 118/1 Rama 6 Rd., Phayathai Sub-District, Phayathai District, Bangkok 10400, and are then made available for review.

The schedule for every meeting is set annually in advance. Attendance for Board of Directors Meetings, Audit Committee Meetings, Nomination and Remuneration Committee Meetings, Corporate Governance Meetings, and Shareholders' Meeting for 2019 by all Directors are summarized as follows:

Name	Position	Attendance of Meetings (Times)				
		Board of Directors Meeting	Audit Committee Meeting	Nomination and Remuneration Committee Meeting	Corporate Governance Committee Meeting	Shareholders' Meeting
Ms. Laksana Supsakorn <sup>1/</sup>	Chairman	6/6	-	-	-	1/1
Mr. Chainoi Puankosoom	Vice Chairman	6/6	-	-	-	1/1
Mr. Koh Ban Heng <sup>2/</sup>	Independent Director	5/6	-	-	-	0/1
Mr. Niphon Suthimai	Independent Director	6/6	-	-	-	1/1
Mr. Parnchalerm Sutatam	Independent Director	5/6	9/12	2/3	-	1/1
Mr. Nopporn Thepsithar	Independent Director (Chairman of the Nomination and Remuneration committee)	6/6	12/12	3/3	-	1/1
Mr. Phirasilp Subhapholsiri	Independent Director (Chairman of the Audit Committee and Chairman of the Corporate Governance Committee)	6/6	12/12	-	4/4	1/1
Mrs. Anne-Marie Machet <sup>3/</sup>	Independent Director	5/6	-	3/3	3/4	0/1
Mr. Hervé Le Bouc	Director	1/6	-	-	-	0/1
Mr. Frederic Gardes <sup>4/</sup>	Director	4/6	-	-	-	0/1
Mr. Somchit Serththin	Director	6/6	-	-	-	1/1
Mr. Jacques Pastor <sup>5/</sup>	Executive Director	5/6	-	3/3	-	1/1
Mr. Sitilarb Supsakorn <sup>6/</sup>	Executive Director	6/6	-	-	-	0/1
Mr. Chaiwat Srivalwat	Executive Director and Chief Executive Office	6/6	-	-	3/4	1/1
Mr. Jacques Marechal	Executive Director	6/6	-	-	4/4	1/1

1/ Ms. Laksana Supsakorn attended Board of Directors meeting No. 5/2019 on 25<sup>th</sup> September 2019 through tele-conference call.

2/ Mr. Koh Ban Heng attended Board of Directors meeting No. 4/2019 on 13<sup>th</sup> August 2019 through tele-conference call.

3/ Mrs. Anne-Marie Machet attended Board of Directors meeting No. 4/2019 on 13<sup>th</sup> August 2019 and Nomination and Remuneration meeting No.2/2019 on 8<sup>th</sup> August 2019 and No.3/2019 on 25<sup>th</sup> October 2019 through tele-conference call

4/ Mr. Frederic Gardes attended Board of Directors meeting No. 1/2019 on 15<sup>th</sup> January 2019 and No. 5/2019 on 25<sup>th</sup> September 2019 through video conference call.

5/ Mr. Jacques Pastor attended Board of Directors meeting No. 1/2019 on 15<sup>th</sup> January 2019 through video conference call.

6/ Mr. Sitilarb Supsakorn attended Board of Directors meeting No. 3/2019 on 13<sup>th</sup> May 2019 through tele-conference call.

7/ Agenda 2 of Board of Directors meeting No.6/2019 on 8<sup>th</sup> November 2019 was conducted in the absence of Executive Directors presence

**POSITIONS IN SUBSIDIARIES, JOINT VENTURE AND ASSOCIATED COMPANIES**

Board of Directors members and top management holds management and authorized positions in subsidiaries, associated companies or other companies are as follows:

Name	SUBSIDIARIES												JOINT VENTURES			ASSOCIATES			OTHERS																																																				
	Ms. Laksana Supsakorn	TASCO	KEMAMAN BITUMEN COMPANY SDN. BHD.	KBT	KOC	HRT	TIH	GUANGZHOU TIFCO ASPHALT TRADING CO., LTD.	ZI	LANGFANG TONGTAI ROAD MATERIAL CO., LTD.	TX	TIFCO ASPHALT (XINHU) CO., LTD.	TAC	TIFCO ASPHALT (CAMBODIA) CO., LTD.	TAL	TIFCO ASPHALT LAO CO., LTD.	TBC	THAI BITUMEN CO., LTD.	RY	RAYCOL ASPHALT CO., LTD.	ADCO	ASPHALT DISTRIBUTION CO., LTD.	HR	HIGHWAY RESOURCES PTE. LTD.	SRC	PT SARANARAYA REKA CIPTA	ABS	PT ASPHALT BANGUN SARANA	TMC	TIFCO MARITIME CO., LTD.	DS	DELTA SHIPPING CO., LTD.	AMC	ALPHA MARITIME CO., LTD.	BMC	BITUMEN MARINE CO., LTD.	TS	TASCO SHIPPING CO., LTD.	PBS	PACIFIC BITUMEN SHIPPING PTE. LTD.	ADS	AD SHIPPING PTE. LTD.	RTL	RETA LINK PTE. LTD.	PAP	PHOENIX ASPHALT PHILIPPINES, INC.	ABT	ASIA BITUMEN TRADING PTE. LTD.	BA	BORNEO ASPHALT SDN. BHD.	CS	COLASIE CO., LTD.	TSS	THAI SLURRY SEAL CO., LTD.	TWS	THANOMWONGSE SERVICE CO., LTD.	TIFCO	TIFCO FOODS PUBLIC COMPANY LIMITED	SIAM	SIAM CONTAINER TERMINAL CO., LTD.	F&B	TIFCO F&B CO., LTD.	TOWER	TIFCO TOWER CO., LTD.	TFB	TFB DISTRIBUTION CO., LTD.	PINE	TIFCO PINEAPPLE CO., LTD.	BIO	TIFCO BIOTECH CO., LTD.	RT

Note: ★ = Chairman ✓ = Director ● = Top Executive

**BOARD SELF ASSESSMENT**

**COLLECTIVE AND INDIVIDUAL SELF-ASSESSMENT OF THE BOARD OF DIRECTORS**

The Board Self-Assessment form designed by the Stock Exchange of Thailand (“SET”) is for consideration by the Board of Directors of listed companies. The assessment comprises (i) Collective Self-assessment and (ii) Individual Self-assessment. The main objective of the self-assessment form is to evaluate the performance of the board, as a team, and of the Directors, as a collective body as well as on an individual basis, in light of recognized best practices and principles of good corporate governance. The procedures are as follows:

1. The Board of Directors performs self - assessment evaluations under guidelines provided by the SET;
2. The Company Secretary summarizes the self-assessment results of all members of the Board of Directors; and
3. The Company Secretary reports the self-assessment results to the Board of Directors and to ensure the result are used to improve performance of the Board.

The categories covered by the Board collective and individual Self-Assessment Form are as follows:

1. Structure and qualifications of the board (Collective and individual)
2. Roles, duty and responsibilities of the board (Collective and individual)
3. The board meetings (Collective and individual)
4. Duties of Directors (Collective)
5. Relationship with Management (Collective)
6. Director’s self-improvement and management training (Collective)

The Company scored 3.82 out of 4 and 3.81 out of 4 on the collective and individual forms for the Board Self-Assessment evaluation, respectively.

**SELF-ASSESSMENT OF SUB-COMMITTEES**

The Sub-committees, comprising of the Executive Directors Committee, the Audit Committee, the Nomination and Remuneration Committee, and the Corporate Governance Committee shall perform self - assessment once a year to reflect operation efficiency under the principles of good corporate governance in compliance with the Corporate Governance Report (“CGR”). These self-assessments include (i) Collective self-assessment of the sub-committee and (ii) individual self-assessment of the sub-committee. Procedures are as follows:

1. The Sub-committees perform self-assessment evaluations under the principles of good corporate governance of Thai Institute of Directors Association (IOD) and guideline practices of Sub-committees;
2. The Company Secretary summarizes and reports the self - assessment results to the Sub-committees and ensures the results are used to improve performance of all the Sub-committees; and
3. The Company Secretary reports the self – assessment result of the Sub-committees of the Board of Directors.

The categories covered by the collective and individual Self-Assessment Form of the Sub-committees are as follows:

	Collective				Individual			
	EC	AC	N&R	CG	EC	AC	N&R	CG
1. Structure and qualifications of the board	✓	✓	✓	✓	✓	✓	✓	✓
2. Roles, duty and responsibilities of the board	✓							
3. The board meetings	✓	✓	✓	✓	✓	✓	✓	✓
4. Duties of directors	✓	✓	✓	✓	✓	✓	✓	✓
5. Relationship with Management	✓							
6. Director's self-improvement and management training	✓							

Results of the assessment of all the Sub-committees in 2019 were summarized as follows:

Sub-committees	Result of the assessment	
	Collective assessment	Individual assessment
1. Executive Directors Committee	3.66	3.76
2. Audit Committee	3.98	4.00
3. Nomination and Remuneration Committee	3.86	3.78
4. Corporate Governance Committee	3.85	3.91

Thus, the Company shall summarize the assessment results both of the Board of Directors and the Sub-committees and report to all the Directors for acknowledgement.

## DIRECTOR'S ORIENTATION

For new Directors, the Company arranges an orientation program to inform him/her of the Group's business policies, capital structure, shareholding structure, business performance, information systems and related laws and regulations. Moreover, each Director receives a Director's Handbook containing all relevant information. The new Directors also receive a briefing from the Chief Executive Officer that covers Company policies, relevant information (including the capital structure, shareholders, performance, and processes in use at the Company), laws, regulations, a marketing/ operational overview, and update on performance.

## KNOWLEDGE IMPROVEMENT OF DIRECTORS AND EXECUTIVES

The Board of Directors has a policy to support and facilitate the participation of trainings and continuous knowledge improvement of the directors and executives.

The Company has encouraged directors and executives to attend training courses organized by the Thai Institute of Directors (IOD), the Securities and Exchange Commission (SEC), the Stock Exchange of Thailand (SET). In 2019, training of each director can be summarized as follows:

Name	Position	Course
Mr. Chaiwat Srivalwat	Chief Executive Officer	Global and Corporate Sustainability & ESG: The Next Phase of Growth, The Stock Exchange of Thailand
Mrs. Anne-Marie Mchet	Independent Director	Growing Clean Business in a Corrupt Environment, Institute of Directors
Mr. Koh Ban Heng	Independent Director	- SMU-SID Executive Certificate in Directorship program - Leaders Insights with Economist Intelligence Unit - Grow Beyond Talk 2019

## REMUNERATION FOR THE BOARD AND EXECUTIVES

1. In 2019, total annual fixed and variable remuneration in cash were Baht 5,880,000 and Baht 3,910,959, respectively.

Name	Scope of Authority	2018 (THB)			2019 (THB)	
		Fixed	Variable <sup>1/</sup>	Extra variable <sup>2/</sup>	Fixed	Variable <sup>1/</sup>
1. Ms. Laksana Supsakorn <sup>3/</sup>	Chairman Director	437,500	250,000	125,000	500,000	437,500
2. Mr. Chainoi Puankosoom <sup>4/</sup>	Chairman Vice Chairman Independent Director	312,500	500,000	250,000	250,000	312,500
3. Mr. Koh Ban Heng	Independent Director	250,000	250,000	125,000	250,000	250,000
4. Mr. Niphon Suthimai	Independent Director	250,000	250,000	125,000	250,000	250,000
5. Mr. Nopporn Thepsithar	Independent Director Audit Committee Member Chairman of Nomination and Remuneration committee	250,000 400,000 60,000	250,000	125,000	250,000 400,000 60,000	250,000
6. Mr. Parnchalerm Sutatam	Independent Director Audit Committee Member Nomination and Remuneration committee member	250,000 400,000 60,000	250,000	125,000	250,000 400,000 60,000	250,000
7. Mr. Phirasilp Subhapholsiri	Independent Director Chairman of Audit Committee Member Chairman of Corporate Governance committee	250,000 500,000 100,000	250,000	125,000	250,000 500,000 100,000	250,000
8. Mrs. Anne Marie Mchet	Independent Director Nomination and Remuneration committee member Corporate Governance committee member	250,000 60,000 80,000	250,000	125,000	250,000 60,000 80,000	250,000
9. Mr. Jacques Pastor	Executive Director Nomination and Remuneration committee member	250,000 60,000	250,000	-	250,000 60,000	250,000
10. Mr. Jacques Marechal	Executive Director Corporate Governance committee member	250,000 80,000	250,000	-	250,000 80,000	250,000
11. Mr. Chaiwat Srivalwat	Executive Director Corporate Governance committee member	250,000 80,000	250,000	-	250,000 80,000	250,000
12. Mr. Sitilarb Supsakorn	Executive Director	250,000	250,000	-	250,000	250,000
13. Mr. Hervé Le Bouc	Director	250,000	250,000	125,000	250,000	250,000
14. Mr. Frederic Gardes <sup>5/</sup>	Director	160,959	-	-	250,000	160,959
15. Mr. Somchit Sertthin	Director Nomination and Remuneration committee member	250,000	250,000	-	250,000	250,000
16. Mr. Jacques Leost <sup>5/</sup>	Director	62,500	250,000	125,000	-	-
<b>Total</b>		<b>5,853,459</b>	<b>4,000,000</b>	<b>1,375,000</b>	<b>5,880,000</b>	<b>3,910,959</b>

1/ Annual General Meeting resolved that on condition that the Company is profitable and subject to approval of the Board of Directors, variable remuneration payments not exceeding one time of the total annual fixed remuneration of all the Board of Director members shall be considered and paid by the Company. For director whose directorship is less than one year, he/she shall receive his/her remuneration on Pro-Rata basis.

2/ Annual General Meeting resolved that the payment of extraordinary variable remuneration for all non-executive members of the Board of Directors for the operational results of the Company in Financial Year 2018 not exceeding half time of fixed annual remuneration.

3/ Term of Chairman of Ms. Laksana Supsakorn expired on 17 February 2016 and was reappointed as Chairman by Board of Directors meeting No.2/2018 on 14 February 2018.

4/ Term of Chairman of Mr. Chainoi Puankosoom expired on 14 February 2018 and was reappointed as Vice Chairman by Board of Directors meeting No.2/2018 on 14 February 2018.

5/ The Board of Directors meeting No. 3/2018 held on 11 May 2018 approved appointment of Mr. Frederic Jean Pierre Gardes as a new member of Board of Directors replacing Mr. Jacques Leost who resigned on 15 February 2018. Such appointment became effective on 11 May 2018.

2. In 2019, there was no payment of non-financial remuneration to the Board of Directors.

3. Other remuneration: -None-

4. The remuneration for Directors and managements was Baht 154 million and Baht 165 million in 2018 and 2019, respectively. The remuneration included salary, bonus, and provident fund.

### DIRECTORS & OFFICERS (D&O) LIABILITY INSURANCE

The Company has a Directors and Officers (D&O) liability insurance policy in place. The insurance policy has a coverage of Baht 1,000 million that protects Directors and Officers from claims made against them as a result of wrongful acts.

### LITIGATION AGAINST THE BOARD OF DIRECTORS

There has been no record of litigation against the Board of Directors for the past 19 years.

### INDEPENDENT DIRECTORS

The Board of Directors has seven Independent Directors as follows:

1. Mr. Chainoi Puankosoom
2. Mr. Koh Ban Heng
3. Mr. Phirasilp Subhapholsiri
4. Mr. Nopporn Thepsithar
5. Mrs. Anne-Marie Mchet
6. Mr. Parnchalerm Sutatam
7. Mr. Niphon Suthimai

### THE COMPANY'S DEFINITION OF INDEPENDENT DIRECTOR

Independent directors shall possess the qualifications as specified in the Securities and Exchange Commission's guidelines. The Company's definition of an Independent Director is as follows:

1. Holding no more than 1 % of total voting shares\* including the shareholding of persons related to the independent directors;
2. Is not currently and has never been the Company's executive director, worker, employee, salaried consultant, or controlling parties\*. Exception: It has been at least two years since the person held their previous position;
3. Not related by blood or legally registered with any other directors, executives, major shareholders, controlling parties, or persons who will be nominated as directors, executives, or controlling parties of the company or subsidiary;
4. Not currently having and has never had any relations with the company\* that may impede, compromise or interfere with the person having independent views. Also, the person should not currently be and never have been a significant shareholder or controlling person for persons having business relations with the company\*. Exception: It has been at least two years since the person has held the position;
5. Is not currently and has never been the Company's auditor\*. Also, the person should not currently be or never have been a significant shareholder, controlling person, or partner of the current auditor's auditing firm\*. Exception: It has been at least two years since the person held the position;
6. Not currently be providing or never have provided professional services, legal consulting and financial consulting services to the company with a fee of more than THB 2 million per year\*. Also, the person should not currently be or never have been a significant shareholder, controlling person, or partner of any of our current service providers. Exception: It has been at least two years since the person held the position;
7. Not currently a director appointed to represent the Company's directors, major shareholders, or the shareholder related to a major shareholder;

8. Not currently be operating under similar business nature and significant competition to the company or subsidiary; or not be a significant partner of the partnership, executive director, salaried worker, employee, or consultant; or holding more than 1% of voting shares of any other companies operating under a similar business nature and significant competition to the company and subsidiary;
9. Not under any conditions that may impede the person from having independent views towards the company's operations.

*\* Including the parent company, subsidiary, affiliate, major shareholder(s), or controlling parties of the company*

## COMPANY SECRETARY

The Board of Directors appointed Mr. Thanapol Laosiripong, Manager - Corporate Affairs and Planning, on 13<sup>th</sup> August 2015 as the Company Secretary to take responsibility as set forth by the law. The Company Secretary reports functionally to the Chairman of the Board of Directors and operationally to the Chief Executive Officer. The curriculum vitae of the company secretary is summarized as follows:

## ROLES OF COMPANY SECRETARY

Company Secretary has the following important roles:

- Act as a Consultant and Secretary of board of directors and other committees;
- Act as a Corporate Governance and Compliance Officer;
- Act as a Corporate Communication Officer by being the center of communication among the Company's directors, management and stakeholders;
- Act as a Controller of Management Functions in following up on all the resolutions of the board of directors into practice; and
- Act as a Coordinator with Stock Exchange of Thailand, The Securities and Exchange Commission, and other relevant organizations.

## DUTIES OF COMPANY SECRETARY:

- To adhere to good corporate governance;
- To plan meetings and propose relevant agendas;
- To manage the Board of Directors' meeting and coordinate with the minutes recorder in conducting the meeting in a proper manner and in line with the Company's regulations;
- To administer the Shareholders' meeting in line within the legal framework;
- To give advices on legal matters, Public Companies Act and all other rules and regulations of listed companies, the Company's affidavits aiming at full compliance with relevant laws;
- To make sure that the resolutions of the Board of Directors are adhered to;
- To be a point of contact providing information to Directors and third parties; and
- To maintain the safe keeping of all matters concerning the Company's registrar and related document.

## THE BOARD OF DIRECTORS' SUB-COMMITTEES

The Board has appointed Sub-committees to study and review specific matters. At present, the Company has four Sub-committees appointed by the Board of Directors: the Executive Committee, the Audit Committee, the Nomination and Remuneration Committee, and the Corporate Governance Committee;

### 1. EXECUTIVE COMMITTEE

The Company established an Executive Committee to assume full executive responsibilities on behalf of the Board of Directors in order to have flexibility in management and operations. Members of the Executive Committee are as follows:

- |                           |   |
|---------------------------|---|
| 1. Mr. Chaiwat Srivalwat  | Chairman of Executive Committee                                 |
| 2. Mr. Jacques Pastor     | Executive Committee Member                                      |
| 3. Mr. Sitilarb Supsakorn | Executive Committee Member                                      |
| 4. Mr. Hugues de Champs   | Executive Committee Member                                      |
| 5. Mr. Koh Lai Huat       | Executive Committee Member                                      |
| 6. Mr. Christophe Voy     | Executive Committee Member                                      |
| 7. Mr. Thierry Defrene    | Executive Committee Member                                      |
| 8. Mr. Jacques Marechal   | Executive Committee Member/<br>Secretary of Executive Committee |

The Executive Committee has responsibilities as established by the Board of Directors. The Chairman of the Executive Committee has the highest authority to set operational policies related to the Company, while the Chief Executive Officer has the highest authority for their implementation.

## SCOPE OF AUTHORITY OF THE EXECUTIVE COMMITTEE

The Executive Committee, pursuant to the resolutions of the Board of Directors of the Company, is responsible for the following:

1. Proposing agenda for meetings of the Board of Directors and counseling the Board of Directors on major decisions;
2. Establishing the policies and operating procedures of the Company; and
3. Managing, making decisions and directing the business and affairs of the Company

Except as otherwise specified herein, all actions by the Executive Committee shall require approval by the Chairman and Vice Chairman of the EC (present or represented by proxy) as defined ("Majority of the Members") and all decisions made by the Executive Committee pursuant to these Rules and Regulations (except for decisions which by the express terms of the Articles of Association or the PLCA require the approval of the Board of Directors) shall be binding on the

Company and its management. The Executive Committee may, from time to time upon the approval of a Majority of the Members, submit a written request to the Board of Directors requesting the Board of Directors to ratify, confirm or authorize any matters as requested or directed by the Executive Committee. Nevertheless, Executive Committee authority is subject to the chart of authority prevailing at the time.

Matters which are delegated to and may be decided by the Executive Committee

1. Award of any contract to vendors or suppliers not exceeding an amount to be fixed by the Company Board;
2. Employment, promotion and dismissal of top management personnel;
3. Preparation and submission for approval by the Board of Directors of any proposal to merge the Company with another economic organization or to form a joint venture company or partnership between the Company and any organization;
4. Policies on salaries, wages of officers and employees of the Company, benefits and allowances;
5. Marketing and Sales policies;
6. Preparation and submission for approval by the Board of Directors of annual profit and loss budget, annual cash flow projections, strategic plan, business plan and investment and disposal plans of the Company and the subsidiaries;
7. Entry by the Company or any Subsidiary into any transaction which is covered by a profit and loss budget, strategic plan, business plan or financial policy approved by the Board of Directors;
8. Entry by the Company or any Subsidiary into any transaction which is covered by the investment and asset disposal plan approved by shareholders;
9. The appointment and removal of directors of any subsidiary;
10. Submission and participation in bids, signing contracts, correspondences or documents binding the Company;
11. Representing the Company and acting on its behalf with third parties, public or private persons, Ministries, Administrations, and local communities;



12. Granting sub delegations to beneficiaries with the necessary means, skills and authority, as the Executive Committee deems timely, for a duration it shall determine, concerning any or part of the present Rules and Regulations; and
13. Carrying out all acts, which are necessary for the execution of the present Rules and Regulations, with the exception of the following cases whereby the Board of Director's consideration and approval are required;
  - Entry into any transaction which is subject to approval by the Board of Directors approval under the Chart of Authority
  - Entry into any connected transaction and acquisition and disposition of asset transaction as stipulated under the Rule and Guidelines mandated by the Securities and Exchange Commission, Thailand and Stock Exchange of Thailand that requires by law to be considered and approved by the Board of Directors or Shareholders.

## 2. AUDIT COMMITTEE

The Company has a process that inspects and controls the business by appointing three Independent Directors to the Audit Committee.

1. Mr. Phirasilp Subhapholsiri Chairman of Audit Committee
2. Mr. Parnchalerm Sutatam Audit Committee Member
3. Mr. Nopporn Thepsithar Audit Committee Member
- Mr. Joseph Soosay Secretary of Audit Committee

All members of the Audit Committee have adequate expertise and experience to review the creditability of the financial reports. Mr. Parnchalerm Sutatam graduated with a Bachelor's degree in Accounting, from Babson College, USA.

### TERMS OF OFFICE OF THE AUDIT COMMITTEE

The Audit Committee directly reports to the Board of Directors. Each Audit Committee member serves a three-year term. New members will be appointed and/or old members are re-appointed by the Board of Directors at the end of the term.

## SCOPE OF AUTHORITY OF THE AUDIT COMMITTEE

The role of the Audit Committee, as assigned by the Company Board of Directors, is as follows:

1. Review the reporting of the Company's financial statements for their accuracy and adequacy;
2. Review the suitability and effectiveness of the Company's internal control system, internal audit function and the independence of the Internal Audit Department, while providing concurrence to the appointments, transfers, and terminations of the Head of the Internal Audit Department or any other department responsible for performing internal audit responsibilities;
3. Review the Company's compliance with any regulations on securities, the regulations of the SET and any other regulations relevant to the Company's business;
4. Propose to the Company's Board of Directors on the selection or termination of the independent external auditor. The Audit Committee shall also review the proposed fees (of the independent external auditor) when proposing its selected independent external auditors to the Company's Board of Directors. The Audit Committee shall also participate in a meeting with the independent external auditor at least once a year without the presence of the Company's Management;
5. Consider the Company's business transactions with related parties or any transaction that may lead to potential conflicts of interest in compliance with the relevant rules and regulations of the SET to ensure their rationality and maximum benefit to the Company;
6. Issue a report of the Audit Committee, to be signed by the Chairman of the Audit Committee and disclosed in the Company's Annual Report, which shall contain comments on at least the following areas:
  - 6.1 Accuracy, adequacy and credibility of the Company's financial statements.
  - 6.2 Adequacy of the Company's internal control system.
  - 6.3 Compliance with any regulations on securities, the regulations of the SET and other regulations relevant to the Company's business.

6.4 Appropriateness of the external auditor.

6.5 Transactions of possible conflicts of interests.

6.6 Meetings of the Audit Committee and contributions of members.

6.7 Overall comments from performing in accordance with this Charter.

6.8 Other transactions that shareholders or other investors should be aware of in accordance with the roles and responsibilities assigned by the Company Board of Directors.

7. Perform any other task as assigned by the Company's Board of Directors with the approval of the Audit Committee.

### REQUIREMENTS FOR APPOINTMENT OF MEMBERS OF THE AUDIT COMMITTEE

1. The Board of Directors may appoint at least three Independent Directors as Audit Committee members, provided one of the members have sufficient accounting knowledge. The Audit Committee must elect one of these members to be the Chairman.
2. The term of an Audit Committee member is three years.
3. The Audit Committee must be independent in carrying out its work and will be directly answerable to the Board of Directors.
4. The tenure of an Audit Committee member will cease upon said member's death, resignation, dismissal or retirement by rotation.
5. The Audit Committee's remuneration will be decided by the Board of Directors.
6. There must be at least four Audit Committee meetings each year, the results of which are to be reported to the Board of Directors.

## 3. NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee (N&R committee) consists of five Directors, three of which are Independent Directors. One of the Independent directors is appointed Chairman of the Nomination and Remuneration Committee. Members of the Committee are as follows;

1. Mr. Nopporn Thepsithar  
Chairman of Nomination and Remuneration Committee
2. Mrs. Anne-Marie Machet  
Nomination and Remuneration Committee Member
3. Mr. Parnchalerm Sutatam  
Nomination and Remuneration Committee Member
4. Mr. Jacques Pastor  
Nomination and Remuneration Committee Member
5. Mr. Somchit Serththin  
Nomination and Remuneration Committee Member

### SCOPE OF AUTHORITY OF THE NOMINATION AND REMUNERATION COMMITTEE

1. To screen and select the appropriate persons as members of the Board of Directors and to propose the selected individuals to the Board of Directors, who then submit the proposal to the Shareholders' Meeting for approval;
2. To screen and select the appropriate qualified persons to be nominated as the Chief Executive Officer and then propose the nominee to the Board of Directors for approval;
3. To propose the remuneration package for the Company's Directors to the Board of Directors and sub-committees and to further propose the same package to the Shareholders Meeting for approval;
4. To propose the remuneration packages for the Chief Executive Officer and Executive Directors to the Board of Directors for approval; and
5. To engage in any other duties as assigned by the Board of Directors

The N&R committee is in charge of nominating appropriate persons as members of the Board of Directors in accordance with the Group's policy on Director Qualifications and Nomination. In addition, the N&R committee is responsible for suggesting competitive remuneration packages for the Board of Directors, sub committees and Executive Directors, using the self-assessments of the Board of Directors, Sub-committees, and Chief Executive Officer as a key reference point. Finally, the N&R committee is in charge of proposing a succession plan for the positions of Chief Executive Officer and other senior executives.

### **POLICY ON DIRECTOR QUALIFICATIONS AND NOMINATION**

The Board of Directors should be composed of Directors who have all the necessary qualifications as prescribed by the law. There should be diversity in the education of the various members of the Board, which allows the Company to benefit from a range of different experiences and viewpoints. There is to be no discrimination based on gender, age, ethnicity or nationality in the Board's operations.

The Nomination and Remuneration Committee is responsible for prescribing a set of knowledge and expertise requirements for the Board of Directors, and for formulating a Board Skill Matrix to help inform the selection and nomination of qualified candidates. These might include:

- Strategic planning;
- Industry knowledge;
- Accounting and finance;
- International marketing;
- Organization and human capital management;
- Risk management.

At least one of the non-executive directors should be experienced and competent in the company's main industry.

### **REMUNERATION FOR DIRECTORS**

The N&R committee is responsible for the competitive remuneration of the Board of Directors and sub-committees by taking into account the scope of responsibilities of each director, long-term strategies and targets to ensure that the remuneration is comparable to the average among companies in the relevant industries. The final remuneration is proposed to the Board of Directors and shareholders for approval.

### **NOMINATION OF CHIEF EXECUTIVE OFFICER**

The Board of Director shall consider for approval candidates proposed for the position of Chief Executive Officer, as nominated by the Nomination and Remuneration committee. The assessment of the prospective Chief Executive Officer is based on criteria including (1) knowledge of and experience in the asphalt, petroleum and road-construction industries; (2) good relationship with relevant networks in said industries; (3) possessing the desired competencies of leadership stipulated in the Tipco Asphalt Group's Core Values.

In 2019, the appointment of the CEO was supported by an assessment report conducted by an external consultant, the Development Dimensions International (DDI) 2019 in the Business Driver Analysis and Competency Model Report.

### **POLICY ON CHIEF EXECUTIVE OFFICER AND TOP EXECUTIVES HOLDING POSITION IN ORGANIZATIONS OUTSIDE THE COMPANY**

The Board of Directors has established a policy allowing the Chief Executive Officer ("CEO") and top executives to hold directorships in companies that are not subsidiaries or associate companies of the Company. The CEO and top executives may hold directorships in no more than five listed companies, provided such holdings do not adversely affect their work.

In order to enable the CEO and top executives to dedicate their time to the performance of their duties for the utmost benefit of the Company, the CEO and top executives must not serve as executives, executive directors, or CEOs in companies other than the Company's subsidiaries or associate companies.

### **REMUNERATION FOR CHIEF EXECUTIVE OFFICER AND EXECUTIVE DIRECTORS**

The Nomination and Remuneration Committee assesses the performance of the Chief Executive Officer and Executive Directors and proposes their remuneration packages for approval by the Board of Directors' by taking into account the following information;

1. Performance-based Pay – The pay shall be subject to the achievement of the Group's performance, based on Key Performance Indicators (KPIs) of Financial, Customer, Internal/Business process and Learning and Growth Perspectives
2. Strategic Initiatives of the Group – the progress of Corporate strategies per the Vision 2020 to add value to business and shareholders.
3. Competitive compensation policy – the compensation is benchmarked with other listed companies in the same industry, adopting an entrepreneurial approach with emphasis on the performance-based bonus in order to be competitive with other companies.

### **COMPENSATION STRUCTURE OF CHIEF EXECUTIVE OFFICER AND EXECUTIVE DIRECTORS**

The package includes remuneration paid in cash i.e. salary, which is reviewed annually; the bonus is variable and dependent on yearly performance. Other forms of compensation includes the provident fund scheme, health and life insurance policy(s), and employee stock options program.

### **PERFORMANCE ASSESSMENT OF CHIEF EXECUTIVE OFFICER AND TOP EXECUTIVES**

The Nomination and Remuneration Committee assesses the performance of the Chief Executive Officer and other executive officers based on the Company's operating results, implementation of the Board's policies, BSC (Balanced Scorecard) performance and the overall socio-economic circumstances. The Nomination and Remuneration Committee will then consider the appropriate remuneration for the Chief Executive Officer and Executive Directors and propose these to the Board for approval.

The Board utilizes the CEO Self-Assessment form provided by the SET. The main objective of the self-assessment form is to evaluate the performance of the Chief Executive Officer.

### **THE 3 CATEGORIES COVERED BY THE CEO SELF-ASSESSMENT FORM ARE AS FOLLOWS:**

1. Status of Achievements;
2. Performance Measures; and
3. Development Need

### **SUCCESSION PLAN**

The Board has assigned The Nomination and Remuneration Committee as the entity responsible for designing suitable succession plans for the Chief Executive Officer and other senior executives. These are then to be proposed to the Board for approval. The nomination of appropriate leaders has been recognized by the Board as a priority, as this helps strengthen the Company's management and ensures its continued progress.

In 2019, the succession plan of top management, proposed to the Nomination and Remuneration Committee, is proceeding accordingly for the CEO, and successors to top management positions. Each of them shall receive specific development in accordance with their individual development target throughout a process of combined tools such as executive coaching, mentoring, and specific assignments.

## EXECUTIVE OFFICERS

The Company's executive officers are composed of 15 members as follows:

1. Mr. Chaiwat Srivalwat	Chief Executive Officer
2. Mr. Jacques Pastor	Executive Director
3. Mr. Hugues de Champs	Deputy Chief Executive Officer – International Business
4. Mr. Thierry Alain Simon Defrene	Chief Operating Officer – Logistics and Procurement
5. Mr. Christophe Bernard Voy	Chief Operating Officer – International Business
6. Mr. Koh Lai Huat	Chief Financial Officer
7. Mr. Sitilarb Supsakorn	Executive Director
8. Mr. Jacques Marechal	Deputy Chief Financial Officer
9. Ms. Auchcha Rattrakultip	Director – Corporate Finance
10. Mr. Louis - Frederic SACHS	Director - Marine Group
11. Mr. Chanchai Lohapratarn	Director - Domestic Sales and Marketing
12. Mr. Suphat Pipitawan	Director - Operations
13. Mrs. Punsiri Suttienkul	Director - Corporate Branding and Corporate Social responsibility
14. Mr. Soranard Nantamontry	Director – International Sales and Marketing
15. Mrs. Udornporn Punpatch	Director – Human Capital Management

## 4. CORPORATE GOVERNANCE COMMITTEE

The Board of directors appointed the Corporate Governance Committee to improve the Company's corporate governance practices and to make sure practices comply with the Principles of Good Corporate Governance for listed companies. The Committee consisted of four members (two of which are Independent Directors, while the other two are Executive Directors) as follows:

1. Mr. Phirasilp Subhapholsiri  
Chairman of the Corporate Governance Committee
2. Mrs. Anne - Marie Machet  
Corporate Governance Committee Member
3. Mr. Jacques Marechal  
Corporate Governance Committee Member
4. Mr. Chaiwat Srivalwat  
Corporate Governance Committee Member

### TERMS OF OFFICE OF THE CORPORATE GOVERNANCE COMMITTEE

1. The term of each member is three years. Members whose term of office expires may be re-appointed;
2. Corporate Governance Committee members shall vacate office upon expiration of their term of office, death, resignation, and removal from the directorship; and
3. In the event where positions within the Committee become vacant for reasons other than the expiration of a term of office and where the number of active members become less than three, the Board of Directors shall appoint persons who are fully qualified as replacement within three months. The replacing member shall hold office for the remaining term of office of the members whom they replace.

## ROLES AND RESPONSIBILITIES OF THE CORPORATE GOVERNANCE COMMITTEE

1. Propose corporate governance (CG) principles, policies and guidelines to the Board;
2. Advise the Board on CG matters;
3. Ensure that the duties and responsibilities of directors and management conform to CG principles and policies; and
4. Revise guidelines of the Company's CG to comply with the CG guidelines as recommended by the Securities and Exchange Commission of Thailand ("SEC").

# CORPORATE GOVERNANCE & CORPORATE SOCIAL RESPONSIBILITY

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72 Corporate Governance (CG)

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90 Corporate Social Responsibility (CSR)

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The Board of Directors recognizes the importance of corporate governance in the Company's sustainable growth development, creating shareholder value, and securing trust from all stakeholders, including shareholders, employees, customers, business partners, competitors, and creditors. The Board of Directors and management have therefore been promoting good corporate governance practices within the Company, subsidiaries and affiliates. We are pleased to announce that the Company was rated "Excellent or 5 stars" which is the highest level of Corporate Governance Report of Thai Listed Companies 2019 (CGR) by the Thai Institute of Directors Association (IOD) for two consecutive years. In addition, the Company received 97 points out of a total possible 100 points on the Annual General Meeting Checklist from the Thai Investors Association.

In committing to sustainable growth development, the Company has adopted the corporate governance code for listed companies 2017 (CG Code) developed by the Securities and Exchange Commission (SEC). The Company's Board of Directors No.4/2019 considers and reviews the CG Code to determine its suitability to the Company's business on an annual basis. Furthermore, the Company has joined the "Thailand's Private Sector Collective Action Coalition Against Corruption" (CAC) and was certified on November 10, 2017. We are pleased to announce that we have been selected as one of the listed companies included in the Thailand Sustainability Investment Index (THSI Index) since 2018, and were the recipient of the SET Sustainability Award's 2019, Rising Star Award with market capitalization of Baht 10-30 billion. The Company also received the Sustainability Disclosure Award in 2019 from the ThaiPat Institute.

## CORPORATE GOVERNANCE POLICY

The Board of Directors of the Company continuously strives for good corporate governance practices in order to maintain the Group's sustainable development. The Group strives to protect and promote the interests of all stakeholders by observing ethical business practices based on transparency and traceability. The Group has established the following corporate governance policy for the Board of Directors and the employees to abide by:

1. The Board of Directors shall take the lead in the matter of business ethics by setting the Code of Ethics to manage and monitor the Group's operations to ensure all business activities are conducted in accordance with the applicable laws and ethical standards;
2. The Board of Directors shall play an important role in the development of strategies, policies, management guidelines and action plans, taking into account all pertinent risk factors, for the best interest of the Group;
3. The Board of Directors shall strive to add value to the business in the long run as well as manage the business with prudent practices in order to maximize shareholders' returns. This will be achieved while maintaining the highest standards of social responsibility at all times;
4. The Board of Directors shall encourage shareholders to be aware of their rights as owners of the Group to exercise their power through the appointment of the Company's Directors to act as their representatives. Shareholders are also eligible to make decisions related to any significant changes of the Group;
5. The Board of Directors shall treat all shareholders, including minority shareholders, fairly and equally;
6. The Board of Directors shall create the optimal balance between the existing needs and future expectations of the Company and all stakeholders respectively based upon sustainable, mutual, and equitable benefits; and
7. The Board of Directors shall disclose information, both financial and non-financial, correctly, adequately, transparently and traceably through appropriate two-way communication channels for the benefit of stakeholders' decision-making.

## RIGHTS OF SHAREHOLDERS

The Company shall ensure that (i) shareholders, both as investors and as owners of the Company, are entitled to all basic rights and adequate information in the Annual General Meeting ("AGM") and the AGM minutes; (ii) the Chairman of the meeting and each sub-committee attends the AGM in order to communicate with shareholders; and (iii) the Company's shareholder structure is in compliance with rules and regulations as well as corporate governance practices. The basic rights of the Company's shareholders are as follows:

- Prior to the 2020 Annual General Meeting (AGM), shareholders of the Company were entitled to propose agenda and questions for the 2019 Annual General Meeting. Shareholders are allowed to exercise such right during the period of 10<sup>th</sup> October 2019 to 30<sup>th</sup> December 2019 for consideration of the Board by Directors. Should the proposed agenda be included on the meeting, the Company will specify in the notice of the meeting that such agenda was proposed by a shareholder. However, in the case where the proposed agenda was rejected, the Company will inform shareholders of the reasons for its rejection at the annual general meeting of shareholders. Moreover, any shareholder is entitled to nominate any qualified candidates for election as a Board member in advance. The Nomination and Remuneration Committee will consider the proposed nominees together with other nominated persons according to the Company's criteria for the nomination of directors. The Committee shall then present the nominees to the Board for consideration before proposing them to the shareholders' meeting for approval.
- Shareholders (individuals, juristic persons, and institutional investors) are encouraged and facilitated in attending and participating in the AGM. The Company provides a Proxy Form B to shareholders who are unable to attend the AGM in person. In addition, institutional investors, are invited to nominate their representatives to attend the meeting.
- An agenda on the Board's remuneration is included to inform the shareholders of the amount and type of

remuneration received by each director including fixed remuneration and variable remuneration, meeting allowance and the Board's bonus respectively. Other remunerations, if any, are also stated.

- Notice of the AGM shall consist of precise and adequate data for decision-making by shareholders. Also, the minutes of the last AGM are included and outline the voting method, results, as well as any questions and comments made by shareholders.
- Shareholders are entitled to basic rights such as the right to receive dividends, propose agenda, nominate a person to be director, and approve certain matters.
- Shareholders who arrive after the meeting has commenced are able to vote on agenda items being considered provided that a resolution has not yet been made. They will constitute part of the quorum starting from the agenda item.
- Chairman of Board of Directors and Chairmen of all sub-committees attend the AGM to communicate and inform shareholders on matters relating to sub-committees.
- On the date of the meeting, the Company uses a barcode system for registration for the convenience of shareholders since each reference number is already included in the registration and proxy forms. In addition, for each agenda, the Company will collect the ballot papers of shareholders who vote "disapprove" or "abstain" in order to deduct the votes from the total entitled voting rights. The Company also applies a barcode system to perform the ballot calculation to ensure immediate voting results are promptly available for announcement right after the end of each agenda. Shareholders are entitled to verify each voting result after the meeting.
- One-third of the directors must retire from office on a rotation basis in each AGM and the election of directors to replace the retired directors takes place during the meeting. However, if the numbers of candidates exceed the number of directors required, each candidate is then elected individually.
- At the meeting, shareholders can freely express their opinions, give suggestions, and raise questions on any

agenda item before casting votes thus ensuring that shareholders have sufficient information on the matter. Should shareholders have questions or inquiries, specialists in each field are available to answer queries on behalf of the Board of Directors.

- The Company's ownership structure in 2019 is in compliance with good corporate governance practices. For instance, shareholding by Directors in the aggregate did not exceed 25% of total paid-up capital. In addition, free float accounted for 36% of total paid-up capital.

### EQUITABLE TREATMENT OF SHAREHOLDERS

The Company provides equitable treatment to all of its shareholders, be they major or minor, individuals, institutions, local or foreign. To that effect, the Company strives to find means to ensure equality especially for minor shareholders. These means are:

- Shareholders have the right to vote at meetings according to the number of shares owned by each shareholder, whereby one share accounts for one vote and no particular share takes precedence over the rights of other shareholders.
- Shareholders of the Company have the right to nominate candidates for directorship via the channels which the Company provides.
- The Company has an established policy governing the use of internal information and has incorporated it into employee regulations with penalties for executives or employees who disclose internal information to outsiders for personal benefit. In 2019, there were no cases of insider trading.
- The Company's Code of Ethics includes the guidelines that prohibit employees from using the Company's assets, and from spending working hours conducting research, contact, or business with brokers for personal gain or for the benefit of any related parties.
- Under the Company's Code of Ethics, top executives and employees working in related departments are prohibited from trading Company shares for 21 days prior to the release of the Company's quarterly and annual financial



statements (blackout period). In addition, the Board of Directors will monitor all required actions in accordance with the related standards. Any changes in the shareholding of directors are reported in the Board of Directors' meetings. In this regard, these are included in the agenda of the Board of Directors meeting on a quarterly basis.

- Standard related party transactions are approved by the Board of Directors every year according to section 89/12 of the Security and Exchange Commission act every year. The standard related party transaction relies on a fair and arms' length basis. All other related party transactions are determined by Notification of the Capital Market Supervisory Board No. Tor. Chor. 21/2551.
- Any acquisition and disposal of asset which is subject to shareholder approval is determined by the Notification of the Capital Market Supervision Board No. Tor. Chor. 20/2551
- The Company has a clear and transparent shareholder structure. There is no cross-holding of major shareholders, thereby preventing any conflict of interests or transfer of benefits from one party to another. The shareholder structures of the Company and its subsidiaries are

published in the Company's annual report, along with the holding of the Board members' shares in the Company.

- The Company treats all shareholders equally and in a proper manner. The Company provides shareholders with proxy forms for appointment of another individual or one of the Company's independent directors. The Company has prepared the proxy forms in compliance with the specifications defined by the Ministry of Commerce in which the shareholders can exercise their voting rights as wished. These forms can also be downloaded from the Company's website. In addition, the Company provides shareholders with duty stamps to be sealed on the proxy forms for their convenience.
- The Company ensures that shareholders have adequate time to prepare for AGM attendance. In 2019, notice of the AGM was posted on Company's website one month before the AGM date, and submitted to shareholders 21 days in advance. The notice of AGM was issued in both Thai and English.
- There is a clear separation of duties and responsibilities of the Board, management, and shareholders, thereby

ensuring no overlap in their duties and responsibilities. Any member of the Board of Directors or executive who may have interests in any agenda under consideration in the AGM or Board meeting must abstain from attending the meeting and/or voting on such agenda. This is to ensure that the Board of Directors and executives make decisions in a fair manner for the utmost benefit of shareholders.

## THE ROLE OF STAKEHOLDERS

The Board of Directors places great emphasis on contributions from all of its stakeholders: shareholders, employees, customers, suppliers, creditors, business partners and competitors. All stakeholders are invited to work with the Company towards their shared goals and mutual benefits, while making the Company a competitive and successful business.

We therefore adhere to the principle of fulfilling our corporate social responsibilities as well as our contractual obligations, as they pertain to our stakeholder relationships.

## SHAREHOLDERS

Shareholders have basic rights stipulated by law and by the Company's regulations, such as the right to expect a fair return, to request a verification of their number of shares, to receive share certificates, and to attend, vote and freely express their opinions at shareholders' meetings.

All shareholders will receive significant and sufficient detailed information concerning the date and the agenda prior to the date of the shareholders' meeting. Such information will be posted on the Company's website around one month before the related documents are submitted to shareholders at least 21 days prior to the meeting. The shareholders' right to attend the meetings and the right to vote on resolutions are clearly stated in the notice of the meeting submitted by the Company.

The Company also believes that shareholders, as owners of the Company, have the right to make suggestions and comments on the affairs of the Company. It is the responsibility of the independent directors to receive such input. All comments and suggestions will be carefully considered and presented to the Board of Directors



## EMPLOYEES

**Compensation Management** – The Group's compensation management has been developed under the auspices of the Nomination and Remuneration Committee, and is based on the principle of a merit-based pay structure with internal fairness, and competitiveness in the labor market.

The pay structure is made according to job value under standardized job levels. The remuneration package is based on performance and job responsibility of each job level. External factors that are taken into consideration include the economic indicators e.g., inflation rate, and labor market's compensation package, according to benchmarked pay against other organizations' in related industries.

**Welfare Management** – The Group has established welfare systems which are communicated to all employees in the Employee's handbook, which is regularly updated both online information and through internal communication channels. The objective is to set appropriate and sufficient welfare to all employees from first entry to retirement:



- Work-related welfare on the job e.g., daily allowance, transportation, accommodation and travel insurance, workplace relocation allowance
- Health-related welfare e.g., medical insurance that includes dental service, annual medical check-up, seasonal influenza vaccination, and on-site fitness facilities
- Well-being support e.g., provident fund, long service and retirement awards, financial aid for demise and disabilities, emergency loans

**Long-term incentive** – The Group has established a provident fund since 2004. Employees who are members of the fund shall contribute 5% of their salaries, while the Group contributes the equivalent amount monthly.

### Employee Development and Training:

Learning is part of the Group's aim to becoming a globally preferred integrated asphalt "Innovative Solutions Partner". Our knowledge and expertise stem from our long experience in the asphalt industry, which enables us to develop innovative solutions to meet future challenges.

The Group has developed its training and development initiatives by turning our long-term experience into specifically-designed curriculum of Technical Asphalt Knowledge. This is according to the Organizational Knowledge Management Policy, that aimed at preserving and developing organizational knowledge that is core to performance efficiency of staffs, as well as to the Group's competitive advantage.

Our employees, line managers, and human capital management team are jointly responsible for translating this plan into action. Each job family in the Group has established a Job Competency Profile as a framework for development and learning catering to both lateral and vertical professional development. Managers are responsible for guiding and coaching employees to succeed in their careers.

In 2019, the average training hours/person/year was 30.63 against target of 24.

### Talent, Development and Performance Management

A performance culture supported by differentiated development is key to the delivery of individual and business objectives. This is driven by the alignment of clear and challenging assignments, and by ensuring that employees are aware of how their work impacts business.

The manager and employee work together to ensure that clear objectives are set and regularly evaluated (at least twice a year). This allows managers to identify high performers and reward them accordingly, while ensuring low performance is properly managed with integrity.

Employees receive regular feedback on their performance and career aspirations through a variety of tools and processes such as the Performance Management System (PMS) and Job Competency Profile. Specific groups of higher performers and high potentials are invited to participate in extensive development programs such as the New Wave. It is the responsibility of Top Executive Talent Program Managers to dedicate the necessary time to monitoring current objectives, and to provide regular coaching to employees throughout the year. Each employee, supported by a direct supervisor and manager, is in charge of her or his own professional development.

Regarding the Group's direction in relation to international markets, employees who are interested in international assignments can be given the opportunity to work in different countries. The international dimension of the Group is used as a competitive advantage to retain and develop talented people.

Our promotions are based on sustained performance from a results and behavior standpoint, as well as future potential. The Group undertakes an active succession planning process from top to middle management, by defining key positions to ensure that there is a strong pipeline of successors ready to meet future needs.

Human Capital Management provides support for implementing the necessary tools, and collaborates with function heads and managers to prepare the resources necessary for the continued development of the Group's employees.

## HUMAN RIGHTS

The Group continuously strives to regulate its corporate governance practices. The Board of Directors has approved the Social Responsibility Policy stating our direction to respect and support the human rights of employees and all stakeholders in the value-chain of the Group's business, and to refuse to support any activities that violate such human rights. We shall implement mechanisms to resolve human rights disputes for the mutual benefit of the Group and the stakeholders.

## HUMAN RIGHTS POLICY

1. The Group will take active measures to identify, correct and prevent any violation of human rights (whether such human rights are defined by any legislations or international practices) that could impact the stakeholders of the Group. The Group will also review all risks that have an impact on human rights and will take pro-active measures to manage such risks;
2. The Group shall implement or develop mechanisms to resolve human rights disputes for the mutual benefit of the Group and stakeholders. The Group will work with all stakeholders to achieve a common understanding regarding our position on human rights;

3. The Group shall respect the rights of employees and all stakeholders without any discrimination towards concepts, beliefs, nationality, ethnicity, gender, religion, marital status, sexual orientation and satisfaction, nationality, age, or disabilities. The Group shall raise the awareness of human rights for underprivileged groups in the value-chain of the Group's business;
4. The Group shall promote the civil rights, political rights, economics rights, social and cultural rights among all employees and stakeholders in the group;
5. The Group shall respect the personal security and freedom of association of all its members, and will not tolerate harassment, or harsh or inhumane treatment in the workplace; and
6. The Group shall promote the improvement of working conditions regarding the humanity, health and safety of its employees, and will not tolerate any form of forced, bonded or indentured labor and child labor.

The practice of human rights has been deployed to all functions in the value-chain. The result of these practices are reported in the sustainability report each year.

## CONFLICT OF INTEREST

The Group continuously strives for good corporate governance practices in order to maintain the sustainable development of the Group. To ensure professionalism and integrity in conducting our business, the Group has reviewed its Code of Ethics to minimize potential conflicts of interest between individuals and the Company. Potential conflicts of interest covered by the Code of Ethics include those involving family members of employees -- parents, full-blooded brother/sister, legal spouse, children and adopted children. While all employees are required to acknowledge the reviewed Code of Ethics, there is also an additional requirement that the Board of Directors, all Management, as well as all employees in sales, procurement and purchase, submit the "Conflict of Interest: Acknowledgement and Disclosure Form". They have a responsibility to promptly notify the Group Management, with an acknowledgement of the Director – Human Capital Management, in writing at any time if they become aware of any actual or potential conflicts of interest, or if the information provided becomes inaccurate or incomplete.

Therefore, all actual and potential conflicts must be disclosed whenever management and employees are discussing and making decision related to any business matter.

## CUSTOMERS

To develop and maintain sustainable relationships, the Company makes sure that customers receive equitable benefits in service, quality and price. A new Customer Support Office was established to provide product information, solve problems, and receive complaints in a way that can improve quality and ensure total satisfaction.

- Providing products and services commensurate with the price that fulfill their intended purposes while meeting customer needs.
- Providing products and services by taking into consideration the products' life cycle in order to better reduce their social and environmental impacts.
- Providing factual, non-deviant information about products and services, such as price, product quality, product characteristics in terms of health and safety, to the benefit of the customers' decisions.
- Establishing fair agreements that are equally beneficial to both the Group and our customers.
- Protecting the health and safety of customers through product research and development.
- Providing timely and meaningful support in response to any complaints and conflicts with customers.
- Protecting information to preserve the rights and privacy of our customers.
- Providing knowledge and awareness to our customers to elevate fairness of procurement and sustainable consumption.

### Issues of Concern:

- 1) Our relationships with customers shall not minimize business professionalism.
- 2) Being cautious about excessive or inappropriate gift exchange (giving and receiving).

## CREDITORS

The Group conducts its business in a manner that fully complies with the terms and conditions of its loans and obligations to all financial creditors. The details of which are as follows:

- The Group seeks the Board of Directors' approval before entering into a new loan or borrowing, and provides information of all major terms and conditions under any such new loan, i.e. financial covenants, guarantee requirements, etc.
- Once the loan agreement is executed, the Group monitors it all the time to ensure that all conditions are fully complied with.
- For financial covenants, the Group examines for full compliance after month-end account closing. All condition and covenant compliance checks are reported to the Board by an external auditor on a quarterly basis.
- In cases where there are any adverse material conditions which may affect the ability of the Group to comply with all terms and conditions, Management is obligated to inform the Board immediately to ensure all parties are aware of such adverse conditions, and to collectively seek solutions to prevent the breach of the conditions.

## BUSINESS PARTNERS

Operating within a competitive business context requires building and maintaining trust. The Group strictly adheres to its Code of Ethics, honors its promises and upholds its commitments to trading partners in every way, including quality products and timely delivery.

- Following policies and procedures of the Group's procurement and purchasing processes.
- Selecting business partners with fairness, by comparing prices, services, technology, quality, and retaining trace able records accordingly.
- When procuring, priority must be given to business entities, except in cases where individual expertise is needed (or offers higher benefits to the Group's operations).



**Issues of Concern:**

- 1) Prudence/caution in selecting vendors who are relatives or are related to employees of the Group.
- 2) Selecting business partners' whose standards are incompatible with the Group's (such as labor practices, environmental laws, or other industry norms).
- 3) Be aware of personal benefits that might be gained from choosing a business partner, such as accepting improper gifts.

**COMPETITORS**

The Group also operates within a competitive business context by being fair and strictly following laws and its own Code of Ethics in its dealings in the industry and markets. The Group has never been in any disputes with its competitors.

- Never coercing or defaming competitors - directly or indirectly; bullying, setting trade barriers that would unfairly lessen competitors' opportunities.
- Being careful in maintaining relationships with competitors since they could be customers of our affiliates/subsidiaries.
- Never disclosing the Group's intellectual property, or any of its confidential information, such as pricing policy, contractual conditions, product lists, market research reports, production plans or production capacity.
- Never violating legal rights of competitors.
- Never setting agreements with competitors or persons that shall decrease or limit their competitiveness.

**Issues of Concern:**

- 1) Be aware of binding any agreements that may restrict customers' choice of purchase.
- 2) Be aware of setting prices or selling conditions that might be unfair to customers.

**NO INTELLECTUAL PROPERTY INFRINGEMENT**

The Company has established policies and guidelines in its Code of Ethics whereby no intellectual property infringement can take place. These guidelines are:

**Information and Assets**

- Recording and reporting information accurately, completely and based on facts.
- Retaining and processing information according to schedules and guidelines established by the Group and in accordance with the law.
- Restricting the use of electronic equipment, electronic data, or information technologies that are not in compliance with IT policies and regulations. Usage of such equipment, data and technologies for personal or other benefits, especially related to politics, is strictly prohibited.
- Securing and never allowing other unauthorized individuals access codes to gain entry into the Group's information systems.
- The Group reserves the right to inspect its employees' usage of electronic equipment data, electronic equipment, and information technologies, such as the transfer and storage of data, without seeking permission of the relevant assigned users.
- Securing the Group's intellectual property from unauthorized use or disclosure.
- Any output derived from an employee's performance on the job is to be regarded as the property of the Group, unless the Group specifically states that the intellectual property produced belongs to its inventor, creator, researcher, or any other person.
- Employees must take care of their work to ensure that reports, information, formulas, statistics, programs, techniques, processes, and facts representing the intellectual property of the Group are not violated.
- Employees must surrender all intellectual property to the Group upon termination of their employment, or as otherwise stated by the Group.

- Complying with the intellectual property laws that apply to the country in which the Group is operating, and consulting with the appropriate intellectual property experts to seek advice for proper understanding.
- Avoid disclosing information that might affect the Company's stock price to external parties.
- Avoid giving advice on buying or selling the Company's stock unless specifically assigned by the Company to do so.
- Employees and other persons in charge of the Group's information are prohibited from disclosing or conveying corporate information or secrets to unauthorized persons, including their family members, relatives, and friends.

**Issues of Concern:**

- 1) Informing, presenting, or disclosing corporate information or documents, in any form, to any unauthorized persons inside or outside the Company.
- 2) Hiring or engaging with other external individuals, departments or business entities without prior agreement in writing from the Group as stipulated in the Company's intellectual property policy.
- 3) Copying, adjusting, or revising electronic equipment, electronic data, or information technologies without a proper reason.
- 4) Disclosing or conveying information to persons or organizations not otherwise entitled to receiving such information.
- 5) Spreading rumors or giving information that would affect the Group.

**ANTI-CORRUPTION**

The Board of Directors of the Company adopted its anti-corruption policy with the ultimate aim of preventing corruption across all value-chain activities while maintaining vigilant operations.

**ANTI-CORRUPTION POLICY**

The Group continuously strives for good corporate- governance practices in order to maintain sustainable development of the Group. The Group has established an anti-corruption policy with the purpose of preventing corruption in every activity of the value-chain of the Group's business.

**Corruption Definition**

Corruption means any type of bribery, such as an offer, a promise, a guarantee, an inquiry, or the acquisition of money, or asset, gift item, or any other inappropriate benefits to/from government officials, private sector staff, either by direct or indirect action such that a person could proceed with, or disregard his/her function, in order to acquire or retain business, recommend a specific company to the Group as a whole, or achieve any improper benefits in a business transaction.

The above policy is reflected in the context of scrupulous observation of the following considerations:

- A zero-tolerance policy in respect of corruption by any person including directors within the Group;
- The Board of Directors will determine and promote the implementation of the anti-corruption policy and lead by example;
- The Board of Directors will manage and govern the Group's business operations in order to comply with the anti- corruption policy, and will communicate any anti-corruption actions to all stakeholders through the various communication channels;
- The Group will continuously promote and encourage all employees and stakeholders to raise awareness for the eradication of corruption; The anti-corruption will be part of orientation program to new employees and any all employees shall acknowledge Code of Ethics which include anti- corruption on annual basis; and
- The Group will regularly review and improve business operations in order to comply with any changes in relevant laws and anti-corruption guidelines at all times.



Anti-corruption risk assessment has been performed by the Risk Management Committee (through Risk Management Office) to constantly identify related risks, corresponding likelihood and impacts including internal controls and related working instructions to mitigate residual risks.

In addition, the Risk Management Committee established guideline upon preventing anti-corruption risks coupled with regular monitoring system in place while results of tracking/ monitoring of risks will be reported to the Board of Directors.

**Thailand’s Private Sector Collective Action Coalition Against Corruption (CAC)**

The Company has encouraged its Directors to attend the Anti- Corruption for Executive (ACEP) training course, while employees are encouraged to consistently participate in any events related to Anti-corruption efforts and initiatives.

In 2014, The Company has signed the Declaration of Intent in View of Establishing Thailand’s Private Sector Collective Action Coalition Against Corruption (CAC).

On 19 August 2015, the Company’s representatives participated in the Anti-corruption Program seminar organized by the Office of the National Anti-Corruption Commission in collaboration with the Royal Thai Government.

In 2016, the Company’s representatives also participated in the “2016 National Anti-Corruption Day” activities with the theme of “Sin of Cheating” at the Sanam Luang Royal Plaza, Bangkok, organized by the Anti-Corruption Organization of Thailand (ACT) in collaboration with the Thai Chamber of Commerce and the Board of Trade of Thailand. The event was designed to encourage companies and individuals to join forces against corruption, and to shed light on the penalties of corruption.

On 6 September 2017, the Company’s representative participated in the Anti-Corruption Day - “New Government! Old corruption! or รัฐบาลใหม่! คอร์รัปชันเก่า” at Centara Grand & Bangkok Convention Centre at CentralWorld organized by the Thai Institute of Directors (“IOD”). On 9 Dec 2017, the Company’s representative participated in the Anti-Corruption Day (Thailand) at Muangthongthani, Nonthaburi. The Company was certified by Thailand’s Private Sector Collective Action Against Corruption (CAC) in 2017 with a certification that is valid for 3 years.

On 6 September 2018, the Company’s representative participated in the Anti-Corruption Day “คนไทย ตื่นรู้สู้โกง” at Bhiraj Tower at Bangkok International Trade & Exhibition Centre (BITEC). Furthermore, on 7 December 2018, the Company representative participated in the Anti-Corruption Day (Thailand) at Muangthongthani, Nonthaburi.

On 6 September 2019, the Company’s representative participated in the Anti-Corruption Day “รวมพลัง อาสาสู้โกง” at Bhiraj Tower at Bangkok International Trade & Exhibition Centre (BITEC).

On 7 October 2019, the Company issued the No Gift guideline through the Anti-Corruption Guideline Manual in order to serve at the comprehensive guidance for effective implementation of the Group’s Anti-Corruption Policy and controls.

Furthermore, on 9 December 2019, the Company representative participated in the Anti-Corruption Day (Thailand) “เดินหน้า สู้โกง” at Muangthongthani, Nonthaburi.

**DISCLOSURE AND TRANSPARENCY**

Disclosure and transparency are top priorities for the Group. Disclosure of the Group’s general and financial information is done on an accurate, complete, transparent, and timely basis. The disclosed information includes the Group’s structure, its performance and risk, director profile, and information related to investors.

Since 2018, the Board of Directors has established a disclosure policy in accordance with the current laws and best practice guidelines of the Securities and Exchange Commission and the Stock Exchange of Thailand. The disclosure policy clearly states the scope of disclosure of information, authorized

spokespersons, management of inaccurate information and information leakage, silent period and trading restrictions.

- All relevant information is disclosed via the annual report, Form 56-1, Company’s website and SET’s website. The disclosure of information and quality of financial statements in the Annual Report, Form 56-1, and the Gfroup website are in compliance with the rules and regulations of the Stock Exchange of Thailand. The information includes shareholding structure, major shareholders, shareholding of directors and top executives, the Group’s vision & mission, performance by business units, and top corporate risks, etc. In addition, disclosure related to directors includes information on their profiles, meeting attendances, training, shareholding and remuneration.

- Directors and executives are required to file reports on their own or any related person’s interests regarding the management of the Company or any of its subsidiaries in accordance with the stipulated rules and regulations. Since these may cause conflicts of interest and can lead to the siphoning of assets, it is imperative for these to be disclosed in full. These reports ensure that all directors and executives adhere to the fiduciary duties they are bound to. No director or executive shall have any interest whatsoever, both directly and indirectly, to matters under their decision. The Company Secretary acknowledges, signs and submits these reports to the Chairman of the Board and the Chairman of Audit Committee within 7 days of their submission in compliance with Section 80/16 of Securities and Exchange Act, B.E. 2535 (As amended).

- Directors and Top executives are also stipulated to file with the SEC for every purchase, sale and transfer of Company’s shares in compliance with Notification of the Office of the Securities and Exchange Commission No. Sor. Chor. 38/2561. In addition, the summary of the shareholding of all directors and top executives are reported quarterly to the Board of Directors meeting.

- Changes in Company's shareholding of the directors and top executives are as follows:

No.	Name	Position	Shareholding amount as of 31 December 2018	Changes of Shareholding (decrease) in 2019	Shareholding amount as of 31 December 2019	Shareholding proportion in the Company (%)
1.	Ms. Laksana Supsakorn	Chairman, Director	13,860,000	-	13,860,000	0.879
	Spouse/ Minor child		400,000	-	400,000	0.025
2.	Mr. Chainoi Puankosoom	Vice Chairman, Independent Director	-	-	-	-
	Spouse/ Minor child		-	-	-	-
3.	Mr. Koh Ban Heng	Independent Director	-	-	-	-
	Spouse/ Minor child		-	-	-	-
4.	Mr. Phirasilp Subhapholsiri	Chairman of the Audit Committee, Chairman of the Corporate Governance Committee Independent Director	-	-	-	-
	Spouse/ Minor child		-	-	-	-
5.	Mr. Niphon Suthimai	Independent Director	-	-	-	-
	Spouse/ Minor child		-	-	-	-
6.	Mr. Nopporn Thepsithar	Chairman of the Nomination and Remuneration Committee, Member of the Audit Committee, Independent Director	-	-	-	-
	Spouse/ Minor child		-	-	-	-
7.	Mr. Parnchalem Sutatam	Member of the Audit Committee, Member of the Nomination and Remuneration Committee, Independent Director	-	-	-	-
	Spouse/ Minor child		-	-	-	-
8.	Mrs. Anne-Marie Machet	Member of the Nomination and Remuneration Committee, Member of the Corporate Governance Committee, Independent Director,	-	-	-	-
	Spouse/ Minor child		-	-	-	-
9.	Mr. Hervé Le Bouc	Director	-	-	-	-
	Spouse/ Minor child		-	-	-	-
10.	Mr. Frederic Gardes	Director	-	-	-	-
	Spouse/ Minor child		-	-	-	-
11.	Mr. Jacques Pastor	Executive Director, Member of the Nomination and Remuneration Committee	2,150,000	200,000	2,350,000	0.149
	Spouse/ Minor child		-	-	-	-

No.	Name	Position	Shareholding amount as of 31 December 2018	Changes of Shareholding (decrease) in 2019	Shareholding amount as of 31 December 2019	Shareholding proportion in the Company (%)
12.	Mr. Sitilarb Supsakorn	Executive Director	17,025,000	(25,000)	17,000,000	1.078
	Spouse/ Minor child		-	-	-	-
13.	Mr. Jacques Marechal	Executive Director, Member of the Corporate Governance Committee, Deputy Chief Financial Officer-International Finance, Insurance and Legal	600,000	-	600,000	0.038
	Spouse/ Minor child		-	-	-	-
14.	Mr. Somchit Serththin	Director	30,000,000	1,000,000	31,000,000	1.966
	Spouse/ Minor child		10,500,000	-	10,500,000	0.666
15.	Mr. Chaiwat Srivalwat	Chief Executive Officer, Executive Director, Member of the Corporate Governance Committee	2,400,000	600,000	3,000,000	0.190
	Spouse/ Minor child		-	-	-	-
16.	Mr. Hugues de Champs	Deputy Chief Executive Officer - International Business	400,000	100,000	500,000	0.032
	Spouse/ Minor child		-	-	-	-
17.	Mr. Koh Lai Huat	Chief Financial Officer	2,084,500	200,000	2,284,500	0.145
	Spouse/ Minor child		-	-	-	-
18.	Mr. Thierry Defrene	Chief Operating Officer - Logistics and Procurement	100,000	110,000	210,000	0.013
	Spouse/ Minor child		-	-	-	-
19.	Mr. Christophe Bernard Voy	Chief Operating Officer - International Business	-	-	-	-
	Spouse/ Minor child		-	-	-	-



## INVESTOR RELATIONS

Information related to investors is posted on the Company's website at [http://www.tipcoasphalt.com/investor\\_news.aspx](http://www.tipcoasphalt.com/investor_news.aspx). Disclosure of information adhere to Corporate Governance and Best Investor Relations Awards guidelines. The Company's score on Best IR award was 77.04% in 2019.

In 2019, the Company participated in activities to exchange information with investors, analysts, and fund managers with details as follows:

- Hosted four analyst meetings on 20<sup>th</sup> February 2019, 14<sup>th</sup> May 2019, 15<sup>th</sup> August 2019 and 11<sup>th</sup> November 2019.
- Participated in "Opportunity Day" event organized by the SET on 22<sup>th</sup> February 2019, 16<sup>th</sup> May 2019, 16<sup>th</sup> August 2019, and 13<sup>th</sup> November 2019,
- Participated in Thailand Focus 2019 on 29<sup>th</sup> August 2019.
- Participated in activities to meet with local fund managers held by other organizations, e.g. TISCO and Credit Suisse on 21<sup>st</sup> May 2019 and 3<sup>rd</sup> September 2019, Non-deal Roadshow by Finansia Syrus on 24<sup>th</sup> June 2019 and UOB Kay Hian on 2<sup>nd</sup> July 2019.
- Participated in two international roadshows to meet international fund managers: Non-deal Roadshow in Singapore held by DBS Vickers Securities during 4<sup>th</sup>-5<sup>th</sup> July 2019 and Thailand Corporate Day Singapore held by Maybank Kimeng on 13<sup>th</sup> September 2019
- The Company's news or press release is publicly updated on [http://www.tipcoasphalt.com/investor\\_pressreleases.aspx](http://www.tipcoasphalt.com/investor_pressreleases.aspx)
- The updated regulation and investor feedback are routinely reported to top management and the Corporate Governance Committee for further development.
- Information requests, comments and inquiries related to investor relations should be made by contacting at Mr.Thanapol Laosiripong tel. +66 2273 6642, fax. +66 2271 3363, or by email at [investors@tipcoasphalt.com](mailto:investors@tipcoasphalt.com).

## COMPLAINT & WHISTLEBLOWING POLICY

The Group expects all employees to monitor compliance with the Group's corporate governance and Code of Ethics and encourages all employees to raise any questions and concerns they may have regarding these policies. All employees are expected to report any misconduct or non-compliance, or send their enquiry to any of the Company's directors, the Company Secretary, and to Head of the Internal Audit or to the Human Resources Department. Procedures pertaining to violations of the Code of Ethics and Reporting of Violations of or Non- Compliance with the Code of Ethics are made known to and must be observed by all employees. In the event they notice (or suspect) a violation of or non- compliance with the Code of Ethics, they may direct their questions or complaints by phone, e-mail, letter, or personally inform any of the following persons:

- Any Board Member
- Director – Human Capital Management
- Company Secretary
- Senior Manager – Internal Audit

The above persons shall report such matters to the Chief Executive Officer within 24 hours.

The Group shall conduct investigations in response to any such complaints with due urgency and confidentiality.

All employees are expected to cooperate in the investigations as necessary, which are conducted legally, where there is a complaint of violation or non-compliance with the Code of Ethics.

### Measures for Protection and Compensation

Any person making complaints, reports, or cooperating with a fact-finding investigation shall be protected according to the whistleblowers' protection policy:

- Those who complain, reports, or co-operate may choose not to disclose their identities. However, their identities should be disclosed to the investigators appointed by the Group to facilitate the effectiveness of any such investigations.

- The Group regards such information as confidential, and discloses such information only as necessary to ensure the safety of, and prevent harm to, those who report, their sources, and other individuals involved.
- Appropriate protection will be provided to those who complain, report, or co-operate if they believe that they will be under threat.
- Anyone harmed while providing information to assist the Group's investigations will be compensated in a fair and appropriate manner.

#### **Compliance with Corporate Governance Code for Listed Company (CG Code)**

The Company acts in accordance with the 2017 Corporate Governance Code for Listed Company (CG Code) issued by the Securities and Exchange Commission. Following the Corporate Governance committee's recommendation, in 2019 the Board of Directors reviewed the application of the CG Code's Principles and Sub-Principles including reasons for not following certain Sub-Principles, and recorded these observations as board resolutions. The sub-principles which the Company has chosen not to follow are summarized as following detail:

**Sub-Principle 1:** The board should determine the proper number of directors to function effectively. It must comprise at least 5 directors and should not be more than 12 directors, depending on the company's size, type, and complexity of the business:

**Justification:** At the end of 2019, the Board of Directors comprised 15 members. Due to complexity of business, it is necessary for the Company to have directors with diverse knowledge, experience and expertise. Therefore, the Company deemed its current number of Board of Directors as appropriate.

**Sub-Principle 2:** The chairman of the board should be an independent director

**Justification:** Although the Chairman of the Company is not independent director, she is non-executive director. In this regard, there is no factor that may impede the person from having independent view

**Sub-Principle 3:** The Board should establish the policy that the tenure of an independent director should not exceed a cumulative term of nine years from the first day of service. Upon completing nine-year term, an independent director may continue to serve on the Board, subject to the Board's rigorous review of his/her continued independence.

**Justification:** The Company's board of directors believe we have carefully selected and nominated our independent directors. Despite their tenures, they remain adept, ethical and continue to contribute satisfactorily to the sustainable growth and development of the Company. It is obvious they fully understand their roles and responsibilities to both core and minority shareholders alike. This is reflected in our average CG score of above 90% for the past three years, and further reflected in the scores received by directors in their re-nomination and re-election at the last annual general shareholders' meetings. The re-election number stands at 96% on average.

#### **RESPONSIBILITIES OF THE BOARD**

The Board of Directors has a commitment to its fiduciary duties and shall ensure that the Group is managed and operated in the best interest of its shareholders.

- The Board of Directors and sub-committee structures operate in accordance with good corporate governance guidelines. The Board of Directors comprises directors with various backgrounds, including 7 independent directors. The roles and responsibilities of the Board of Directors and management are clearly defined and published in annual reports. Terms and conditions of directorship are in line with good corporate governance guidelines. For example, Company directors are discouraged from taking directorships in more than 5 listed companies.
- The Board of Directors approves corporate governance policies and the Company's Code of Ethics which are published in annual reports and on the Company website. The Board of Directors has appointed the Corporate Governance Committee to oversee corporate governance guidelines and the Code of Ethics, and to periodically update these as necessary.

- The Board of Directors defines and reviews the Company's vision and mission for a specific period. Additionally, the Board of Directors annually reviews the Company's strategy.
- The Board of Directors appointed the Audit Committee to oversee the state of internal controls within the Company.
- The Board of Directors appointed the Nomination and Remuneration Committee to oversee the nomination and remuneration of the Board and succession plan of senior executives.
- The Board of Directors encourages directors to take training courses in relevant areas.
- Since 2015, the Corporate Governance Committee has proposed that the Board of Directors conduct self-assessments for its members and for all sub-committees. The assessments include both collective and individual appraisals.

## CORPORATE SOCIAL RESPONSIBILITY POLICY

The Group has adopted a corporate social responsibility policy that is aligned with leading international standards to serve as operating guidelines for the Board of Directors, executives and employees in matters related to the economy, society and environment:

1. The Group shall manage business under good corporate governance practices and the code of business conduct;
2. The Group shall respect and support the human rights of all its employees and stakeholders in the value-chain of the Company's business, and will refuse to support any activities that violate such human rights;
3. The Group shall continuously improve its human resources operations, particularly in matters concerning health, security, safety, and the environment;
4. The Group shall strategically and continually improve the capability of its operations to minimize their environmental impact in a sustainable and mindful manner;
5. The Group shall treat all stakeholders fairly by observing good code of business conduct;
6. The Group shall treat both current and prospective customers fairly;
7. Everyone in the Group is encouraged to participate in community development initiatives and to contribute their talents to facilitate the sustainable environmental practices advocated by the Group;
8. The Group shall strategically integrate social responsibility guidelines into its decision-making processes in order to better define the value-chain of the Group's business;
9. The Company shall regularly review and manage its business impact in line with the expectations of all stakeholders, and in accordance with any changes in environmental conditions; and
10. The Group shall communicate its social responsibility guidelines to all employees and stakeholders in a clear and timely manner, in the spirit of awareness and voluntary social responsibility, to better support the value-chain of the Group's business.

Since 2015, the Board of Directors has approved and mandated an annual CSR budget policy whereby the Group shall allocate no less than 1% of its average consolidated net profit over the past 3 years towards Corporate Social Responsibility projects and activities.

To execute this commitment and monitor its continued progress, the Group employs management systems of quality, environment, occupational health and safety for our stakeholders to benefit from the best quality of life possible.

## CORPORATE SOCIAL RESPONSIBILITY, THE DEPARTMENT OF INDUSTRIAL WORKS

Since 2008, the Group has actively participated in the Corporate Social Responsibility promotion programs initiated by the Department of Industrial Works (CSR-DIW). By late 2012, we became the first asphalt company in Thailand to have received the full assessment in compliance with the international standard of ISO 26000: 2010 (Guidance on Social Responsibility, conducted every 2 years by the Management System Certification Institute (Thailand) (MASC). In order to ensure that our CSR continues to improve, the company carries out regular assessments and improved its rating from level 3 to 4 between 2016 to 2018. In addition, a Plant Sustainable Development Officer has been appointed to oversee CSR activities at all five of our Thailand Operations plants. In 2019, all Plant SD Officers were trained and registered as CSR Specialists by the Ministry of Industry Announcement at each plant.

## ENVIRONMENTAL MANAGEMENT

In accordance with our Integrated Management System Policy, the Group aims to protect the environment by controlling our resource usage and effectively disposing of pollutants from our business activities that may negatively impact the environment. All environmental parameters are monitored and measured periodically to ensure full compliance with applicable laws and regulations. In addition, the Group has provided environmental training for employees with details as follows:

Year	2017	2018	2019
Average Environmental	4.11	4.43	2.93
Training (Hours per head)			

All 5 plants have been certified the Green Industry from Department of industrial works.

## GREENHOUSE GAS EMISSIONS (GHG)

Since September 2018, we have implemented the GHG Management in compliance with the GHG Protocol - A Corporate Accounting and Reporting Standard. GHG has been implemented across all 5 plants in Thailand with the scope of report of Direct GHG Emissions and Electricity and Indirect GHG Emission. In 2019, initiatives to reduce greenhouse gas emissions can be summarized as follows:

- Installed a new hot oil boiler at Phrapradaeng Plant in order to increase heat efficiency and reduce fuel consumption during the 4<sup>th</sup> quarter of 2019;
- Replaced new heating coil and re-designed the agitators of two Para AC Tanks at Phitsanulok Plant to reduce fuel consumption for heating products and cut the production lead time about 6 hours;
- Changed the production process of Joint Sealer at Nakhon Ratchasima Plant which doubled its production capacity from 15 ton/batch to 30 ton/batch while reducing fuel consumption by about 100-150 liters/batch for heating asphalt material (reduced 40% compared to 2018); and
- Switched fuel from diesel to be bio-diesel (B20) for hot oil boilers at Thathong Plant which has reduced GHG emissions by around 4%.



### Energy Saving

In our commitment to maximizing the efficiency of our resource usage, the Group continuously pursues innovations, ideas and initiatives aimed at fuel- and energy-saving. We were successful in achieving energy savings in our manufacturing and distribution processes at 5 of our plants. In addition to our GHG Emission- related initiatives, we also pursued the following energy-saving schemes in 2019:

- Implemented the Centralized Logistic Center at Phrapradaeng Plant to reduce backhaul costs, decrease fuel consumption, and increase truck utilization;
- Implemented the Oracle Transportation Management (OTM) and Truck Tracking System Technology to optimize transport routes, delivery distance and time;
- Renovated storage tanks and piping system at Phrapradaeng Plant to reduce the heat loss of the piping system; and
- Improved the power supply system at Rayong Plant in order to enhance power efficiency.

### Water and Effluents

Although our manufacturing process consumes relatively low quantities of water, the Group nonetheless aims to minimize its water consumption through the use of the '3Rs' concept (reduce, reuse, recycle). Our 5 plants in Thailand are located in water- abundant areas but we strive to use as little water as possible in our efforts to be as environmentally-conscious as we can be.

Four of our five manufacturing plants have capitalized on rainwater and waste water for the production of asphalt emulsion. In 2019, these were summarized as follows:

- Designed and monitored a new water drainage system at the Phitsanulok Plant;
- Improved the waste water pump and piping system in order to increase waste water usage for asphalt emulsion production at Nakhon Ratchasima Plant; and

- Conducted a feasibility study on the waste water treatment unit establishment by Sequencing Batch Reactor (SBR) technique to support the "Zero Waste Water Project" at Thathong Plant. In addition to asphalt emulsion production, this project explores the possibility of using recycled water for other purposes, e.g. watering the plants and washing shop floor and trucks.

### Waste

The Group recognizes the importance of waste management, and is committed to improving our waste management through the '3Rs' principle; i.e., Reduce, Reuse and Recycle. We continuously strive to reduce our environmental impact, improve the efficiency of our waste treatment, and decrease the costs of disposing of such waste. Progress and achievements in 2019 were as follows:

- Promoted the reduction of 'single-use' plastics at Head Office and at all 5 plants.
- Reviewed the waste inventory and disposal methods of each type of waste.
- Established the Waste Disposal Vender List to control the disposal methods for each type waste.
- Achieved the "Zero" industrial waste to landfill objective across all 5 plants.
- Phitsanulok Plant has signed the Memorandum of Understanding (MOU) with Provincial Industry Office on their cooperation in waste management.

### OCCUPATIONAL HEALTH AND SAFETY MANAGEMENT

The Group has implemented an Occupational Health and Safety Management (OH&S) plan under the framework of Integrated Management to reduce and control the risk of any potential diseases and accidents which may cause illnesses or personal injuries to employees and stakeholders.

In 2019, the Group carried out significant improvements in road traffic safety regulations during product distribution with the following details:

- Conducted alcohol testing for customers' truck drivers;
- Established Safety Distribution Knowledge Center for truck drivers;
- Assigned Operational Control Officer to monitor truck drivers on duty 24/7 at the Centralized Logistics Office;
- Established visual control board of valve and piping system to detect and signal product leakages accidents; and

- Improved the loading bay working-station with fall protection system; and
- Established the Work Instruction & JSA accessibility online and Emergency Equipment Inspection via QR code.

In 2019, the OH&S performance on Serious Accident Frequency Rate(SAFR) of Truck was 0 case/million km against the target at 0.37 and SAFR of Operation was 1.82 case/million working hours. against the target of 2.0. As a result, the Rayong plant, Nakhon Ratchasima Plant, Thathong Plant, and Phitsanulok Plant were awarded the "Outstanding Workplace Award for 13, 7, 7 and 2 consecutive years, respectively. In addition, the Rayong Plant has been awarded the "Zero Accident Campaign Award 2019 (Silver)" by the Thailand Institute of Occupational Safety and Health.

The Group has continued to aim for the highest standard possible in the execution of our Corporate Social Responsibility. The list of our certified Management Systems can be summarized as follows:

### CERTIFIED MANAGEMENT SYSTEMS

MANAGEMENT SYSTEM	International STANDARD	THAILAND STANDARD	CERTIFIED PLANT
Quality	ISO 9001:2015	TIS 9001 - 2558	All plants in Thailand
Environmental	ISO 14001:2015	TIS 14001 - 2558	All plants in Thailand
Occupational Health and Safety	ISO 45001:2018	TIS 18001 - 2554	All plants in Thailand
Integrated Management System		IMS R-100	All plants in Thailand
Laboratory	ISO/IEC 17025:2005	TIS 17025 - 2548	Research and Development (Testing) and Nakhon Ratchasima (Testing and calibration)
Road Traffic Safety	ISO 39001: 2012	TIS 39001 - 2555	All plants in Thailand



## INNOVATION MANAGEMENT

The Group places great emphasis on the importance of innovation for the continued success and betterment of the Group. As of 2019, the Group has initiated a number of innovation development processes at the employee-level throughout its organizational structure. In the past, most of our product innovation developments were conducted by the research and development department (R&D), or were the results of collaborations with external parties / partners. Although these initiatives helped enhance some elements of our business operations, many were limited to very specific, niche functions.

Following the announcement of our new Innovation Policy in 2018, the Group implemented processes to strengthen and encourage employees' innovative mindset through various activities. These activities aimed to boost employee participation while encouraging them to express their opinions/ideas.

In addition, the Group recently launched an Innovative Solutions Award contest, which generated high participation rates among employees: a total of 133 innovation projects were submitted from 250 applicants, representing 34% of total current employee of the Group. Thanks to this relatively small initiative, employees were encouraged to shift their mindset and thought-processes with new ways of thinking and collaborating.

Due to the success of the contest, the Group has decided to include it officially as one of its key annual activities.

## POLICY AND REALIZATION OF COMMUNITY DEVELOPMENT GOALS

The Group has adopted a new method of CSR project management that is consistent with the Group's business practices. The company is therefore able to use whatever knowledge and expertise it has gleaned from its successful projects, and pass these on to the community for further development. The Group also provides advice to maximize benefits for all stakeholders across the community. Our key focus is on building good relationships while serving as responsible members of the community, hence allowing us to conduct our business sustainably. This philosophy can be reflected across project activities, both in areas around the factory's premises and in nearby communities, through business operations that are respectful of community and society.

The Group reviewed its CSR plans from the past year in order to design CSR activity projects that will best serve the community's interests. Projects with high satisfaction assessments will be continued and expanded across other areas. Appropriate adjustments were made to projects needing improvement in order to cultivate greater community confidence while improving the quality of life of those living near factory premises.

## DEVELOPMENT PLAN FOR SOCIETY/COMMUNITY IN ECONOMIC, ENVIRONMENTAL AND SOCIAL PERSPECTIVES

### Innovation Leads to the Future

In order to respond to rapidly-changing environment in Thailand 4.0 government strategic plan, the company is committed to developing operations with a focus on innovation; i.e., products, services, work processes and new business ideas. Major objectives include enhancing product efficiency, reducing energy consumption and lowering environmental impact, especially for future products, while maintaining our competitive position in the asphalt industry.

### Low Environmental Impact

The Group aims to develop, improve and utilize technology to change the operations of the Group across the value chain for high efficiency while minimizing environmental impact. This includes creating a safe environment for operations on the basis of CSR by upholding principles of good governance.

### Community Safety Awareness

The Group places great importance on raising awareness of community safety, with particular emphasis on road safety and accidents. We have made sure that our road safety knowledge and policies adhere to internationally-recognized standards. The Group organizes a series of activities for youths to learn about road safety so that they may transfer this knowledge to their parents/relatives for the benefit of the wider community.

### CSR Projects and Participation in Continuous Development

The Group is committed to raising and supporting community awareness while instilling knowledge and understanding regarding how best to support society. These aims are driven by our CSR activities, which we have established and standardized for the sustainable development of the communities around us.

In addition, the Group also coaches its employees on leadership, aptitude, and skills for work applied outside the Group, including decision-making based on opinion-sharing with the community. Thanks to the Group's customer-centered management

approach, employees learn to apply knowledge from these activities to create mutual benefits for both the community and the Company.

In the year 2019, the Group identified 6 iconic projects in each area of Thailand, including its headquarters. First, each area conducted an in-depth study of its activities with a view to maximizing efficiency. These activities were then standardized for them to be easily replicated across other areas. Subsidiaries, alliances, could then conduct these CSR activities in their own areas, the ultimate aim of these activities being for them to be repeated on a regular basis.

### Project 1: Nakhon Ratchasima province "Road Safety for All" (Safety Road for All)

The Project's objective is to enhance road safety for all road users, including various assets as well. The Company launched this initiative in 2016 by fixing road surfaces/potholes that may have led to accidents. The Company conducted this activity with its employees and in conjunction with other private and local government organizations. Target areas were ones located near the company's offices and factories. In 2019, the Mitr Phol Sugar Public Company Limited joined the Company as a project partner: the target area was extended to encompass Mitr Phol factory's premises.

### Project 2: Rayong Province, "Basic Life Saving Project For Every Life Saved" (CPR & AED Training)

The initiative aims to provide basic life-saving training, including information on how to use defibrillators. The project was conducted for the benefit of the general public using the standards recommended by the Life Saving Standards Committee & The Heart Association of Thailand. The company has made sure that its staff members have completed the Basic Life Saving Instructor Course for the general public (Instructor for Non-HCP) to be able to assist in life-saving teaching courses. This is done with the assistance of medical professionals who fulfill all of the necessary requirements.

In 2019, the Company trained 38 staff through the instructor course (with certification of instructors) for conducting life-saving training activities with staff members and nearby communities. The Group co-supported the "Basic Life Saving Training"



project initiated Charoen Pokphand Group (CP) by sending 6 of our own certified instructors to conduct the program in 6 provinces.

**Project 3: Phitsanulok Province “Bung Ta-kreng Integrated Development Project”**

This project aims to create ecosystem, while conserving and restoring water sources. The project was designed as an integrated learning and tourism center: this was done jointly with Naresuan University for project master plan set-up. The Group has completed tasks of big tree relocation: that is, to conserve those trees that grew within the path of new public road construction in Phitsanulok and move trees into the marshes. Objective is to preserve / conserve plant species and obtain large trees for a more complete landscape arrangement. Up to date, we have planted and relocated 2,498 trees and have introduced various species of freshwater fish and shrimp to create bio-diversity.

**Project 4: Surat Thani Province “Professional Skills Development Project in Asphalt Application”**

The project aims to develop skills for technicians or any local individuals who want to gain professional knowledge related to proper asphalt use. The project was conducted in collaboration with the Department of Rural Roads, Highway District 11 and the Department of Skill in providing Certificates for those who have met the requirements on training and practices to create career opportunities in the community. The Group compiled the name list of trainees who completed the training and sent to distributors for skilled contractor-customer matching, with asphalt product offers.

**Project 5: Samut Prakan Province “Smart Logistic – An Open Innovation Contest – Collaboration Innovation”**

This innovation contest project was opened to university-level students. Its main aim is to give the students information and technology-related knowledge to help them work more efficiently in our increasingly digital age.

The Group also provides opportunities for educational development across various knowledge areas. Finally, the Company also gives participants the opportunity to work with the Group. The topic of the contest is related to our business and is a continuous development.

**Project 6: Bangkok “Road Safety for Kids Project”**

The project aims to provide knowledge regarding safe road use in accordance to traffic laws to enhance the road-safety experience of the entire community. This includes knowledge of English words and phrases that are useful in daily life and relevant to road safety. We received the cooperation of many agencies who helped plan appropriate activities and provide the necessary equipment. Our expectation for the project is that within 3 years, children in schools neighboring the factory premises will have proper knowledge to comply with traffic rules and be better road users in the future.

For more information pertaining to other CSR projects, please refer to the Group’s Sustainability Report to the year 2019.

**Hours of voluntary community service**

In 2019, the Group decided to remove some hours of volunteer activity from performance evaluations for the entire organization. This is to ensure that the provision of systematic knowledge and correct understanding about corporate social responsibility can continuously be conducted while cultivating a culture mutual benefits with the wider community. Employees are equipped with knowledge and understanding that can be extended to their families and communities, hence encouraging more ‘sharing’ across society.

We found that after removing the Company’s ‘CSR hour’ rating system, the total number of volunteer hours that employees spent together with the Group and the community had not dropped; i.e., the hours recorded still stood at the Group’s 3-year average level. This is convincing evidence that our employees have participated in volunteer activities in various projects of their own volition, with a “FEEL GOOD” attitude while doing this. The Group will stay fully committed to supporting social activities that will help ensure long-term sustainable development.

CSR Activity	2016	2017	2018	2019
Hours of CSR Activity from employees (Hour)	24,052	23,584	23,978	15,358
Rate of activities (hour/person/year)	33.7	32.6	34.8	22.9
Number of employees participating (person)	714	723	689	671
Employee Volunteering engagement in Thailand			95.0%	93.5%

**BUDGET ALLOCATIONS FOR THE CORPORATE SOCIAL RESPONSIBILITY ACTIVITIES**

Following the company’s recent CSR activities guideline adjustment in 2019, focus was placed on key iconic CSR projects. These were implemented as the main activity in each area that the company operates in, with employees and local communities serving as their co-owners.

This year the company organized projects in collaboration with various partners and stakeholders in order to expand

these activities by having them encompass broader social / community developments, without incurring significant expenses. This then allows continuous budget allocations for future projects. Key emphasis was placed on creating a CSR network through collaboration on major activities that prioritized benefits to both the company and the community.

Category of CSR	unit	Amount	
		2018	2019
1) Cash contribution for CSR Projects	Baht	13,261,260	7,723,750
2) Management Overheads	Baht	4,897,300	929,900
In-kind giving: product, or service donation, Project/Partnership	Baht	897,530	807,700
Employee cost during paid working hours for volunteering work	Baht	3,879,900	2,437,061
CSR Activity Satisfaction Survey	%	87.2	89.0

# INTERNAL CONTROL & INTERNAL AUDIT

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## INTERNAL CONTROL

The internal control system at the Group generally conforms to the internal control model advocated by the Committee of Sponsoring Organizations of the Treadway Commission (or, "COSO"). Management has instituted an appropriate control environment for the organization, which is further guided by the five core values of the Group (that is, Teamwork, Integrity, Prudence, Commitment and Open-mindedness).

This control environment is supported by an organizational structure that has been developed to support the actualization of the Group's strategic objectives. The organizational structure sets out clearly delineated lines of responsibility whilst promoting co-ordination across departments. A Chart of Authority (which is regularly reviewed and updated) is in place to set out the authority limits of management at all levels of the Group so that they can achieve the organizational objectives.

The Group's core value of Prudence reinforces the importance of good corporate governance (or, "CG") at the Group. This is further reflected by the implementation of a systematic enterprise risk management (or, "ERM") process at the Group. This involves the identification, assessment and management of threats and or incidents that may affect the Group. The establishment of a CG Committee (a sub-committee of the Board of Directors) further emphasizes the value of good CG for the Group.

Risks at all levels of the Group are managed through an effective internal control system that is periodically reviewed and updated to reflect the evolving needs of the business. The system of internal controls is documented in procedural manuals and is subjected to independent reviews by the Group's internal audit function.

Finally, appropriate communication channels (through the use of information technology where applicable) are in place to facilitate the monitoring of operations and key controls by both operating management and Senior Management of the Group. The Company's commitment to information technology is clearly demonstrated by its investment in the Oracle enterprise resource planning (or, "ERP") solution, which went "live" in late-2017.

## INTERNAL AUDIT

The Group's Internal Audit Department (or, "IAD") is committed to the International Standards for the Professional Practice of Internal Auditing ('Standards') as issued by the Institute of Internal Auditors. This has been embraced in the Group's current Internal Audit Charter (as approved in 2012).

Since 2012, the IAD has evolved from a function focused on compliance-based audits, to a function that is now focused on risk-based audits (which also encompasses compliance, as necessary). Consequently, the IAD is now better positioned to comment not only on the effectiveness of existing controls, but also on the adequacy of these controls to meet the evolving risk profile of the organization. This is particularly important for the continuous growth of the Group, as well as its expanding global footprint.

The IAD plays an important role in challenging management's perception of risk and controls. This has enabled the Group to bring closure to known risks (especially those included in the reports of the IAD); and to better prepare the organization for the challenge of meeting its strategic objectives.

The IAD formulates a risk-based audit plan which is updated annually for the approval of the Audit Committee (or, "AC"). The risk-based audit plan considers several risk factors. These include the scale of operations of the entities and processes that makes up the Group's 'audit universe', enterprise risks faced by the Group, strategic objectives of the Group, and results from previous internal audit reviews. These plans are discussed with the Senior Management, and are ultimately approved by the AC.

Individual internal audit reviews focus on objectives such as the efficiency and effectiveness of operations, reliability of financial and management reporting, compliance with applicable laws and regulations, and the safeguarding of assets. The results of each internal audit review are presented to the AC (who generally meet on a monthly basis).

Finally, the IAD also provides regular updates to the AC on the status of completion of audit projects against the risk-based audit plan. At the end of each year, an annual status update is also provided to the AC.

## AUDIT COMMITTEE'S OPINION OF THE SENIOR MANAGER – INTERNAL AUDIT DEPARTMENT

The AC and the Chief Executive Officer jointly appointed Mr. Joseph Soosay as Senior Manager - Internal Audit Department with effect from 16 July 2012.

We hereby express our opinion that the Senior Manager - Internal Audit Department of the Company is adequately experienced

to manage the IAD. As a Certified Internal Auditor, he is suitably qualified to fulfil his duties in accordance with the Standards of the Institute of Internal Auditors. The professional credentials of the Senior Manager – Internal Audit Department are listed in the table below:

FULL NAME	EDUCATION/ PROFESSIONAL CERTIFICATIONS	WORK EXPERIENCE IN PAST 5 YEARS	
		PERIOD	POSITION/ COMPANY
<b>Joseph Mugilen Soosay Manickam</b>	Certified Internal Auditor (CIA); Chartered Management Accountant (ACMA); Chartered Global Management Accountant (CGMA)	2012 - Present	Senior Manager - Internal Audit Department/ Tipco Asphalt Public Co., Ltd.
		2008 - 2012	Associate Director - Advisory Services/ PricewaterhouseCoopers FAS Ltd.

The appointment, removal and transfer of the Senior Manager – Internal Audit Department is subject to approval by the Managing Director and the AC.



**Mr. Phrasilp Subhapholsiri**  
Chairman of the Audit Committee

### SUMMARY OF 2019 RELATED PARTY TRANSACTION

	Related Companies, Details and Amount		Unit: THB Million	
	2019	2018	2019	2018
				Pricing Policy
				Market price/ Contract price
	Asia Bitumen Trading Pte Ltd.	Sales - Asphalt Cement and provide services	2,420	634
	Thanomwongse Service Company Limited	Sales - Asphalt Cement, oil and provide services	152	160
	Thai Slurry Seal Company Limited	Sales - Asphalt Cement, oil and provide services	102	98
	Colas S.A. (Colas S.A. Sami Bitumen Technology and Highway Resource Group)	Sales - Asphalt Cement and provide services	1,435	2,178
<b>Sales and Services Provided to</b>	Siam Container Transport and Terminal Co., Ltd.	Provide services	1	1
	Tipco Tower Company Limited	Provide services	1	1
	Tipco Food Public Company Limited	Other service (Internet and equipment rental)	1	1
	ISCO Industry PTE	Sales - Aqua Quick	19	32
	<b>Total Revenues</b>		<b>4,131</b>	<b>3,105</b>
	Siam Container Transport and Terminal Co., Ltd	Service - Transportation & Customs Clearance	4	4
	Tipco F&B Co., Ltd.	Other services	2	2
	Tipco Tower Company Limited	Rental office and other services	35	29
	Marketing Consultant Co., Ltd.	Other services	5	5
<b>Rental and Service Expenses Paid to</b>	Asia Bitumen Trading Pte Ltd.	Purchase - Asphalt Cement and other services	-	57
	Colas S.A. (Colas S.A. Sami Bitumen Technology and Highway Resource Group)	Other services	35	37
	Ruamsupsin Co., Ltd.	Other services	1	1
	<b>Subtotal</b>		<b>82</b>	<b>135</b>
<b>Technical Assistance Fee Expenses Paid to</b>	Colas S.A.	Technical assistance fee	39	38
	<b>Total Expenses</b>		<b>121</b>	<b>173</b>

# **MANAGEMENT DISCUSSION ANALYSIS & FINANCIAL STATEMENTS**

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## OPERATIONAL ANALYSIS

The Group would like to report its consolidated net profit after tax of Baht 3,123 million in 2019, as compared to the consolidated net profit after tax of Baht 564 million in 2018. Financial performance and sales volumes both reached their second highest record in the history of the Group's existence.

Sales and service income stood at Baht 36,893 million, reflecting an increase of 33.52% from last year. The international sales volume continued to grow attributable to the record processing of products at KBC refinery in Malaysia. This was supported by the strong demand from international market in China, Indonesia and Vietnam with impressive sales. After many years of concerted efforts in promotion of KBC asphalt products and leveraging on Tipco's domestic technical capability, retail business of our international subsidiaries in Indonesia, Vietnam and Cambodia have won prestigious projects like airport runway and Formula 1 racing tracks in 2019. As the asphalt leader in Thailand domestic market, we still command good demand despite tough competition from new players. Total sales volume of 2.2 million tons in 2019 was almost equal to our 2015 highest record sales volume.

Cost of sales and services in 2019 stood at Baht 33,422 million or 90.59% (88.62% in 2018) of sales and service income. However, if it includes both the reversal for the diminution in value of inventory and hedging loss, the overall gross profit margin improved from 8.55% in 2018 to 11.32% in 2019. The Group recorded a loss from price hedging contract of Baht 90 million in 2019 attributable to the increase of ICE Brent price from \$53.80 to \$66.00 per barrel at year end. This marked to market hedging loss is supported by the physical inventory holding gain.

Selling and administrative expenses stood at Baht 166 million and Baht 1,087 million representing 0.45% and 2.95% of sales and service income respectively. Comparatively, these expenses in 2018 stood at Baht 166 million and Baht 1,180 million representing 0.60% and 4.27% of sales and service income. The Group is committed to controlling overhead expenses while improving the operating gross profit margin.

Gain on foreign exchange increased to Baht 467 million from Baht 122 million when compared to last year due to a continuous appreciation of Thai Baht against US Dollar during the year.

With respect to the progress of fire insurance claim in Malaysia, our Kemaman Bitumen Company SDN BHD had received two insurance interim payments amounted to Baht 593 million in 2019. At the same time, the refinery incurred additional operating expenses, mainly from leasing additional storage facilities for crude oil, logistic handling and other related expenses of Baht 387 million. Some of these expenses will be recurring until all the damaged crude tanks become operational again in April 2020.

Net profit after tax of Baht 3,123 million for 2019 represented earning per share of Baht 1.98 as compared to Baht 0.36 per share in previous year.

## FINANCIAL ANALYSIS

The Group's cashflow generated from operations stood at Baht 3,953 million compared to the Baht 2,457 million in 2018 due to improved performance and net cash received from interim insurance claim payments.

Financial expense in 2019 was Baht 204 million as compared to Baht 169 million in the previous year. It is due to increase of working capital financing for purchase of crude oil.

The Group's consolidated debt to equity ratio (D/E ratio) was at 0.86 comparing to 0.93 in 2018 due to better operation performance in this year.

## FINANCIAL POSITION

Changes in financial position of the Group at the end of 2019 as compared to 2018 can be summarized as follows:-

- Increase in cash and cash equivalent due to improved performance and net cash received from interim insurance claim payments;
- Increase in trade and other receivable due to increase in sales volume;
- Increase in mark to market hedging loss due to the increase of ICE Brent price at year-end;
- Increase in property, plant, and equipment mainly from purchase of vessel and construction of new crude storage tanks at our refinery;
- Increase in deferred tax assets mainly from unrealized loss from mark to market of hedging contract at year-end;
- Decrease in short-term loans from financial institutions due to the decrease of short-term crude financing at the end of year;
- Increase in trade and other payables due to timing of payment for crude in transit;
- Increase in income tax payable due to an improvement of operation performance;
- Decrease in long-term loans from financial institutions due to scheduled repayment of long-term loan.

## KEY FINANCIAL RATIO

Key financial ratio of the Group at the end of 2019 can be summarized as follows:-

- Net profit margin increased to 8.3% from 2.0% in 2018
- Return on equity increased to 24.2% from 4.5% in 2018

## CASH FLOW

Cash flow of the Group for the year end 2019 can be summarized as follows:-

- Net cash from operating activities of Baht 6,323 million was mainly due to improved performance, net cash received from interim insurance claim payments and decrease in cash spent for crude in transit at the end of year;
- Net cash used in investing activities of Baht 1,220 million was mainly due to purchase of vessel and construction of new crude storage tanks at our refinery;
- Net cash used in financing activities of Baht 4,099 million was mainly due to decrease of short-term crude financing at the end of year

## THE CONFIRMATION FOR THE COMPLETE CORRECTNESS OF THE PAYMENTS TO AUDITOR

For the year ended 31 December 2019

### Audit fee

No.	Company	Name of auditor	Audit fee (Baht)
1	Tipco Asphalt Public Company Limited	EY Office Limited (by Ms. Krongkaew Limkittikul)	2,650,000.-
2	Raycol Asphalt Co., Ltd.	EY Office Limited (by Ms. Krongkaew Limkittikul)	700,000.-
3	Thai Bitumen Company Limited	EY Office Limited (by Ms. Krongkaew Limkittikul)	1,110,000.-
4	Bitumen Marine Company Limited	EY Office Limited (by Ms. Krongkaew Limkittikul)	350,000.-
5	Tipco Maritime Company Limited	EY Office Limited (by Ms. Krongkaew Limkittikul)	350,000.-
6	Alpha Maritime Company Limited	EY Office Limited (by Ms. Krongkaew Limkittikul)	350,000.-
7	Delta Shipping Company Limited	EY Office Limited (by Ms. Krongkaew Limkittikul)	350,000.-
8	Tasco Shipping Company Limited	EY Office Limited (by Ms. Krongkaew Limkittikul)	350,000.-
<b>Total audit fee</b>			<b>6,210,000.-</b>

### Non-audit fee

No.	Company	Non-audit fee service	Name of Company service	Non-audit fee	
				Paid for the period	For payment in the future
9	Alpha Maritime Company Limited	Agreed-upon procedures - Compliance with conditions stipulated in the investment promotion certificate	EY Office Limited (by Ms. Krongkaew Limkittikul)	-	55,000.-
10	Tasco Shipping Company Limited	Agreed-upon procedures - Compliance with conditions stipulated in the investment promotion certificate	EY Office Limited (by Ms. Krongkaew Limkittikul)	-	110,000.-
11	Bitumen Marine Company Limited	Agreed-upon procedures - Compliance with conditions stipulated in the investment promotion certificate	EY Office Limited (by Ms. Krongkaew Limkittikul)	-	55,000.-
12	Tipco Asphalt Public Company Limited	Tax consult	EY Corporate Service Limited	-	290,000.-
<b>Total non-audit fee</b>				<b>-</b>	<b>510,000.-</b>

#### Above information:

- Correct and complete. I hereby confirmed that there was no other service performed to the Company and Subsidiaries which generated any fee income to the auditing company which I am a partner of and/or from other related individuals and/or other related parties that I am aware of and is not disclosed in the above information.
- Incorrect and incomplete: .....  
in amending the above information (if any), I hereby confirm that all the information in this report herewith shows the compensation for auditing work and other services that the Company and Subsidiaries paid to the undersigned, the auditing firm which I am a partner, to related individuals or related parties and to the auditing firm, are correct and complete.



(Ms. Krongkaew Limkittikul)  
EY Office Limited  
The auditor of Tipco Asphalt Public Company Limited

## REPORT OF THE BOARD OF DIRECTORS' RESPONSIBILITIES FOR FINANCIAL STATEMENTS

The Company's Board of Directors is responsible for the consolidated and separate financial statements of Tipco Asphalt Public Company Limited and other financial information appears in the Annual Report pertaining to the Company and its subsidiaries. The financial statements are prepared in accordance with Thai Financial Reporting Standards and free from material misstatement, whether due to fraud or error, while the Accounting Policies are selected for their appropriateness and consistently implemented. The financial statements are also prepared with careful considerations and best possible estimates while significant information is sufficiently and transparently disclosed in the notes for the benefits of shareholders and other investors.

The Board of Directors had appointed the Audit Committee, comprised of independent directors whose qualifications are in accordance with requirements of the Stock Exchange of Thailand, to review the accuracy and sufficiency of the Company's financial reports and the disclosures of related transactions and the adequacy and efficiency of internal control system. Opinion of the Audit Committee is reported in the Audit Committee's report published in this Annual Report.

The Board of Directors is of opinion that the consolidated and separate financial statements of the Company ended 31<sup>st</sup> December 2019, of which audited by the external auditor and jointly reviewed by the Audit Committee and Management, had presented fairly, in all material respects, the financial position and financial performance in accordance with Thai Financial Reporting Standards.



(Ms. Laksana Supsakorn)  
Chairman



(Mr. Chaiwat Srivalwat)  
Chief Executive Officer



**REPORT AND  
CONSOLIDATED  
FINANCIAL STATEMENTS**



To the Shareholders of Tipco Asphalt Public Company Limited

## Opinion

I have audited the accompanying consolidated financial statements of Tipco Asphalt Public Company Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2019, and the related consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and have also audited the separate financial statements of Tipco Asphalt Public Company Limited (the Company) for the same period.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Tipco Asphalt Public Company Limited and its subsidiaries and of Tipco Asphalt Public Company Limited as at 31 December 2019, their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

## Basis for Opinion

I conducted my audit in accordance with Thai Standards on Auditing. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Group in accordance with the Code of Ethics for Professional Accountants as issued by the Federation of Accounting Professions as relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

## Key Audit Matters

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

I have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report, including in relation to these matters. Accordingly, my audit included the performance of procedures designed to respond to my assessment of the risks of material misstatement of the financial statements. The results of my audit procedures, including the procedures performed to address the matters below, provide the basis for my audit opinion on the accompanying financial statements as a whole.

Key audit matters and how audit procedures respond for each matter are described below.

## Valuation of financial instruments

The Group has entered into the financial instruments to protect the exposure from the fluctuation in price of raw materials and finished goods and exchange rate of foreign currency, with many counterparties, and presented the fair value of such financial instruments in the financial statements. Management therefore relied on a valuation technique and model suggested by expert, in which the assumptions used in the model were based on comparable and observable market inputs. The difference in assumption used in calculation affected the fair value of such financial instruments presented in the financial statements.

I gained an understanding of the transaction and recording process of fair value of financial instruments. I recalculated the fair value of such financial instruments. I sent the confirmation to counterparties to determine the completeness of transaction and verified supporting documents, on a sampling basis, for actual transactions occurring during the year and after the period-end. In addition, I tested the appropriateness of fair value used by comparing to the counterparties' information and available market inputs. Moreover, I examined the information disclosed in notes to the financial statements for appropriateness and completeness.

### Estimation of net realisable value of inventory

Estimating the net realisable value of inventory is an area of significant management judgment. This is because such estimation requires significant assumptions based on market price of crude oil and petroleum products which fluctuate according to the economic circumstances and the situation within the industry and also effect in determining the allowance set aside for diminution in the value of inventory causing the value of inventories presented in statement of financial position.

I gained an understanding of the process relevant to the determination of allowance for diminution in the value of inventories and assessed the appropriateness of the assumptions applied by management in determining such allowance as well as the consistency of the application of that basis and assumptions. I also tested the calculation of the allowance for diminution in the value of inventories.

### Other Information

Management is responsible for the other information. The other information comprise the information included in annual report of the Group, but does not include the financial statements and my auditor's report thereon.

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

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Thai Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Group's financial reporting process.

### Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with Thai Standards on Auditing, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

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

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

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

I am responsible for the audit resulting in this independent auditor's report.



Krongkaew Limkittikul  
Certified Public Accountant (Thailand) No. 5874

EY Office Limited  
Bangkok: 11 February 2020

## STATEMENT OF FINANCIAL POSITION

Tipco Asphalt Public Company Limited and its subsidiaries  
As at 31 December 2019

		(Unit: Baht)			
		Consolidated financial statements		Separate financial statements	
Note		2019	2018	2019	2018
<b>Assets</b>					
<b>Current assets</b>					
	Cash and cash equivalents	1,999,417,098	1,103,710,709	977,613,102	269,948,936
6, 7	Trade and other receivables	5,233,998,235	5,041,903,953	4,920,327,802	4,467,234,602
7	Short-term loan to related party	-	-	13,000,000	-
8	Inventories	7,466,934,929	7,321,720,492	6,608,237,558	6,292,329,561
32, 33	Price hedging contracts	165,058,497	660,802,762	165,058,497	660,802,762
	Other current assets	296,902,939	262,350,558	37,336,005	45,053,649
	<b>Total current assets</b>	<b>15,162,311,698</b>	<b>14,390,488,474</b>	<b>12,721,572,964</b>	<b>11,735,369,510</b>
<b>Non-current assets</b>					
9	Investments in subsidiaries	-	-	7,717,239,560	7,693,264,766
10	Investments in joint ventures	112,623,805	130,496,162	67,552,611	67,552,611
11	Investments in associates	606,402,277	540,898,893	243,447,034	243,447,034
7	Long-term loans to related parties	-	-	1,479,030,234	1,248,755,789
12	Investment properties	256,932,559	256,932,559	94,342,234	94,342,234
13	Property, plant and equipment	8,285,711,701	8,127,640,054	984,241,398	900,028,849
	Goodwill	146,293,504	146,293,504	-	-
14	Intangible assets	195,513,583	230,015,833	71,616,529	87,873,685
15	Leasehold rights	287,084,216	318,525,947	2,506,924	2,734,827
25	Deferred tax assets - net	189,312,186	94,054,596	172,751,233	96,469,896
	Other non-current assets	19,717,442	18,120,153	3,982,734	3,933,452
	<b>Total non-current assets</b>	<b>10,099,591,273</b>	<b>9,862,977,701</b>	<b>10,836,710,491</b>	<b>10,438,403,143</b>
	<b>Total assets</b>	<b>25,261,902,971</b>	<b>24,253,466,175</b>	<b>23,558,283,455</b>	<b>22,173,772,653</b>

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

## STATEMENT OF FINANCIAL POSITION (continued)

Tipco Asphalt Public Company Limited and its subsidiaries  
As at 31 December 2019

		(Unit: Baht)			
		Consolidated financial statements		Separate financial statements	
Note		2019	2018	2019	2018
<b>Liabilities and shareholders' equity</b>					
<b>Current liabilities</b>					
	Bank overdrafts and short-term loans				
	from financial institutions	4,013,131,149	6,936,125,867	3,716,103,109	6,450,173,607
7, 17	Trade and other payables	6,316,114,486	4,015,396,838	7,088,061,139	4,544,660,701
7	Short-term loan from related party	-	-	160,000,000	25,000,000
18	Current portion of long-term loans from financial institutions	37,610,812	131,614,800	-	-
	Income tax payable	390,757,940	127,568,575	334,927,690	76,259,882
32, 33	Price hedging contracts	580,799,812	152,720,526	580,799,812	152,720,526
	Other current liabilities	134,093,350	116,591,974	10,320,343	110,707,183
	<b>Total current liabilities</b>	<b>11,472,507,549</b>	<b>11,480,018,580</b>	<b>11,890,212,093</b>	<b>11,359,521,899</b>
<b>Non-current liabilities</b>					
	Long-term loans from financial institutions -				
	net of current portion	36,700,873	79,906,260	-	-
7	Long-term loan from related party	6,342,609	6,943,839	-	-
20	Provision for long-term employee benefits	167,693,463	149,496,442	119,181,799	107,683,832
	<b>Total non-current liabilities</b>	<b>210,736,945</b>	<b>236,346,541</b>	<b>119,181,799</b>	<b>107,683,832</b>
	<b>Total liabilities</b>	<b>11,683,244,494</b>	<b>11,716,365,121</b>	<b>12,009,393,892</b>	<b>11,467,205,731</b>

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



# STATEMENT OF COMPREHENSIVE INCOME (continued)

Tipco Asphalt Public Company Limited and its subsidiaries

For the year ended 31 December 2019

Note	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	(Unit: Baht)			
<b>Other comprehensive income:</b>				
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>				
Exchange differences on translation of financial statements in foreign currencies	(470,294,768)	(81,965,707)	-	-
Change in fair value of hedging instruments of cash flow hedges - net of income tax	25, 33 (557,627,790)	399,996,669	(557,627,790)	399,996,669
Other comprehensive income to be reclassified to profit or loss in subsequent periods - net of income tax	(1,027,922,558)	318,030,962	(557,627,790)	399,996,669
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</i>				
Actuarial loss - net of income tax	20, 25 (592,002)	(2,398,426)	-	(11,365,455)
Other comprehensive income not to be reclassified to profit or loss in subsequent periods - net of income tax	(592,002)	(2,398,426)	-	(11,365,455)
<b>Other comprehensive income for the year</b>	<b>(1,028,514,560)</b>	<b>315,632,536</b>	<b>(557,627,790)</b>	<b>388,631,214</b>
<b>Total comprehensive income for the year</b>	<b>2,117,220,621</b>	<b>895,942,466</b>	<b>1,925,977,395</b>	<b>1,192,913,067</b>
<b>Profit attributable to:</b>				
Equity holders of the Company	3,123,280,231	564,465,981	2,483,605,185	804,281,853
Non-controlling interests of the subsidiaries	22,454,950	15,843,949	-	-
	<b>3,145,735,181</b>	<b>580,309,930</b>		
<b>Total comprehensive income attributable to:</b>				
Equity holders of the Company	2,108,740,998	887,536,096	1,925,977,395	1,192,913,067
Non-controlling interests of the subsidiaries	8,479,623	8,406,370	-	-
	<b>2,117,220,621</b>	<b>895,942,466</b>		
<b>Earnings per share</b>	28			
Basic earnings per share				
Profit attributable to equity holders of the Company	1.98	0.36	1.58	0.51
Diluted earnings per share				
Profit attributable to equity holders of the Company	1.98	0.36	1.57	0.51

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

Company Overview  
Performance & Risk Management  
Responsibilities of the Board  
Corporate Governance & CSR  
Internal Control & Internal Audit  
Management Discussion Analysis & Financial Statements  
Company Information

## STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Tipco Asphalt Public Company Limited and its subsidiaries  
For the year ended 31 December 2019

	Consolidated financial statements												
	Equity attributable to owners of the Company		Non-controlling interests of subsidiary acquired by the Company at price lower than book value		Change in the Company's interest in subsidiaries which did not result in a loss of control		Other comprehensive income		Equity attributable to non-controlling interests of the subsidiaries				
	Issued and paid-up share capital	Premium on share capital	Share subscription	Capital reserve for share-based payment transactions	Retained earnings	Appropriated statutory reserve	Unappropriated reserve	Exchange differences on translation of financial statements in foreign currencies	Change in fair value of hedging instruments of cash flow hedges	Total other components of shareholders' equity	Total equity attributable to shareholders of the Company	Total equity attributable to non-controlling interests of the subsidiaries	Total shareholders' equity
<b>Balance as at 1 January 2018</b>	1,562,464,570	1,046,878,673	8,638,781	1,557,756,068	11,008,947,563	172,123,329	11,008,947,563	(589,750,271)	-	(589,750,271)	12,800,986,056	128,253,492	12,929,239,548
Profit for the year	-	-	-	-	564,465,981	-	564,465,981	-	-	-	564,465,981	15,843,949	580,309,930
Other comprehensive income for the year	-	-	-	-	(2,398,426)	-	(2,398,426)	(74,528,128)	399,996,669	325,468,541	323,070,115	(7,437,579)	315,632,536
Total comprehensive income for the year	-	-	-	-	562,067,555	-	562,067,555	(74,528,128)	399,996,669	325,468,541	887,536,096	8,406,370	895,942,466
Warrant holders exercised warrants (Note 21)	11,357,000	71,595,652	(665,256)	-	-	-	-	-	-	-	82,387,396	-	82,387,396
Increase in share capital in subsidiary (Note 9)	-	-	-	-	-	-	-	-	-	-	-	18,300,551	18,300,551
Share-based payment transactions (Note 22)	-	-	-	18,997,353	-	-	-	-	-	-	18,997,353	-	18,997,353
Dividend paid (Note 30)	-	-	-	-	(1,407,766,203)	-	(1,407,766,203)	-	-	-	(1,407,766,203)	-	(1,407,766,203)
Dividend paid to non-controlling interests of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(57)	(57)
<b>Balance as at 31 December 2018</b>	1,573,821,570	1,118,474,325	8,073,525	1,747,753,421	10,163,249,305	172,123,329	10,163,249,305	(664,278,399)	399,996,669	(264,281,730)	12,382,140,688	154,960,356	12,537,101,054
<b>Balance as at 1 January 2019</b>	1,573,821,570	1,118,474,325	8,073,525	1,747,753,421	10,163,249,305	172,123,329	10,163,249,305	(664,278,399)	399,996,669	(264,281,730)	12,382,140,688	154,960,356	12,537,101,054
Profit for the year	-	-	-	-	3,123,280,231	-	3,123,280,231	(456,319,441)	(557,627,790)	(1,013,947,231)	3,123,280,231	22,454,950	3,145,735,181
Other comprehensive income for the year	-	-	-	-	(592,002)	-	(592,002)	(456,319,441)	(557,627,790)	(1,013,947,231)	(1,014,539,233)	(13,976,327)	(1,028,514,560)
Total comprehensive income for the year	-	-	-	-	3,122,688,229	-	3,122,688,229	(456,319,441)	(557,627,790)	(1,013,947,231)	2,108,740,998	8,479,623	2,117,220,621
Warrant holders exercised warrants (Note 21)	2,941,500	21,813,530	(5,502,525)	-	-	-	-	-	-	-	19,252,505	-	19,252,505
Increase in share capital in subsidiary (Note 9)	-	-	-	-	-	-	-	-	-	-	-	7,991,598	7,991,598
Dividend paid (Note 30)	-	-	-	-	(1,102,907,259)	-	(1,102,907,259)	-	-	-	(1,102,907,259)	-	(1,102,907,259)
Dividend paid to non-controlling interests of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(42)	(42)
<b>Balance as at 31 December 2019</b>	1,576,763,070	1,140,287,855	2,571,000	1,747,753,421	12,183,030,275	172,123,329	12,183,030,275	(1,120,597,840)	(157,831,121)	(1,278,228,961)	13,407,226,942	171,431,535	13,578,668,477

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

# STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (continued)

Tipco Asphalt Public Company Limited and its subsidiaries  
For the year ended 31 December 2019

	Separate financial statements										(Unit: Baht)
	Issued and paid-up share capital	Premium on share capital	Share subscription	Capital reserve		Retained earnings		Other components of equity		Total shareholders' equity	
				for share-based payment transactions	statutory reserve	Appropriated	Unappropriated	Change in fair value of hedging instruments of cash flow hedges	Total other components of shareholders' equity		
<b>Balance as at 1 January 2018</b>	1,562,464,570	1,046,878,673	8,638,781	155,756,068	172,123,329	7,874,173,888	-	-	-	10,820,035,309	
Profit for the year	-	-	-	-	-	804,281,853	-	-	-	804,281,853	
Other comprehensive income for the year	-	-	-	-	-	(11,365,455)	399,996,669	399,996,669	-	388,631,214	
Total comprehensive income for the year	-	-	-	-	-	792,916,398	-	-	-	1,192,913,067	
Warrant holders exercised warrants	11,357,000	71,595,652	(565,256)	-	-	-	-	-	-	82,387,396	
Share-based payment transactions (Note 22)	-	-	-	18,997,353	-	-	-	-	-	18,997,353	
Dividend paid (Note 30)	-	-	-	-	-	(1,407,766,203)	-	-	-	(1,407,766,203)	
<b>Balance as at 31 December 2018</b>	<b>1,573,821,570</b>	<b>1,118,474,325</b>	<b>8,073,525</b>	<b>174,753,421</b>	<b>172,123,329</b>	<b>7,259,324,083</b>	<b>399,996,669</b>	<b>399,996,669</b>	<b>399,996,669</b>	<b>10,706,566,922</b>	
<b>Balance as at 1 January 2019</b>	<b>1,573,821,570</b>	<b>1,118,474,325</b>	<b>8,073,525</b>	<b>174,753,421</b>	<b>172,123,329</b>	<b>7,259,324,083</b>	<b>399,996,669</b>	<b>399,996,669</b>	<b>399,996,669</b>	<b>10,706,566,922</b>	
Profit for the year	-	-	-	-	-	2,483,605,185	-	-	-	2,483,605,185	
Other comprehensive income for the year	-	-	-	-	-	-	-	-	-	-	
Total comprehensive income for the year	-	-	-	-	-	2,483,605,185	-	-	-	2,483,605,185	
Warrant holders exercised warrants (Note 21)	2,941,500	21,813,530	(5,502,525)	-	-	-	-	-	-	19,252,505	
Dividend paid (Note 30)	-	-	-	-	-	(1,102,907,259)	-	-	-	(1,102,907,259)	
<b>Balance as at 31 December 2019</b>	<b>1,576,763,070</b>	<b>1,140,287,855</b>	<b>2,571,000</b>	<b>174,753,421</b>	<b>172,123,329</b>	<b>8,640,022,009</b>	<b>399,996,669</b>	<b>399,996,669</b>	<b>(157,631,121)</b>	<b>11,548,889,563</b>	

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

## CASH FLOW STATEMENT

Tipco Asphalt Public Company Limited and its subsidiaries  
For the year ended 31 December 2019

### Cash flows from operating activities:

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Profit before income tax	3,654,734,460	814,764,876	2,876,814,585	921,129,953
Adjustments to reconcile profit before income tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	874,626,042	1,001,210,295	198,275,244	267,723,151
Written off withholding tax	49,372	-	-	-
Written off inventories	198,214	-	-	-
Bad debt and allowance for doubtful accounts (reversal)	1,573,179	6,394,352	(3,785,962)	6,862,848
Reduction of cost of inventory to net realisable value (reversal)	(793,837,504)	782,445,589	(928,467,798)	935,401,371
Allowance for loss on impairment from fire incident at a subsidiary	-	289,935,903	-	-
Allowance for impairment loss on equipment	796,559	2,385,481	-	-
Dividend income from subsidiaries and associates	-	-	(326,616,573)	(442,392,992)
Unrealised gain on exchange	(149,455,494)	(31,776,619)	(63,336,331)	(16,250,698)
Loss (gain) on sales of equipment	(9,318,889)	12,113,306	(18,118,946)	(5,611,325)
Share of profit from investments in joint ventures and associates	(132,821,585)	(98,198,509)	-	-
Share-based payment transactions	-	18,997,353	-	11,766,711
Provision for long-term employee benefits	35,521,231	19,242,301	24,415,853	11,334,528
Change in fair value of forward exchange contracts	(5,778,852)	9,143,858	(1,288,474)	(1,270,504)
Change in fair value of price hedging contracts	310,953,117	(521,878,361)	310,953,117	(521,878,361)
Change in fair value of interest rate swap contracts	-	(735,522)	-	(889,671)
Interest expenses	165,651,523	153,176,429	118,095,787	99,280,606
Profit from operating activities before changes in operating assets and liabilities	3,952,891,373	2,457,220,732	2,186,940,502	1,265,205,617
(Increase) decrease in operating assets				
Trade and other receivables	(194,623,104)	(1,364,882,082)	(479,493,156)	(1,360,880,651)
Inventories	649,104,530	(4,383,178,628)	612,559,801	(4,154,740,106)
Other current assets	(114,637,335)	(75,589,574)	(34,398,119)	(100,686,171)
Other non-current assets	(1,633,067)	27,832,647	(49,281)	(1,725,145)
Increase (decrease) in operating liabilities				
Trade and other payables	2,544,965,606	998,122,451	2,848,416,476	1,107,132,738
Other current liabilities	(51,948,945)	38,275,343	(41,861,061)	21,773,174
Other non-current liabilities	(17,232,249)	(8,265,084)	(12,917,886)	(5,397,652)
Cash flows from (used in) operating activities	6,766,886,809	(2,310,464,195)	5,079,197,276	(3,229,318,196)
Cash paid for interest expenses	(167,064,677)	(120,155,104)	(122,160,293)	(95,425,590)
Cash paid for corporate income tax	(277,086,894)	(190,116,875)	(155,580,284)	(67,661,350)
<b>Net cash flows from (used in) operating activities</b>	<b>6,322,735,238</b>	<b>(2,620,736,174)</b>	<b>4,801,456,699</b>	<b>(3,392,405,136)</b>

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

## CASH FLOW STATEMENT (continued)

Tipco Asphalt Public Company Limited and its subsidiaries  
For the year ended 31 December 2019

	(Unit: Baht)			
	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
<b>Cash flows from investing activities:</b>				
Cash paid for investment in subsidiary	-	-	(54,984,642)	(23,891,805)
Cash paid for investment in joint venture	-	(85,924,733)	-	(67,552,611)
Dividend received from subsidiaries and associates	41,749,883	80,211,962	326,616,573	442,392,992
Decrease (increase) in short-term loans to related party	-	-	(13,000,000)	32,566,400
Decrease (increase) in long-term loans to related parties	-	-	(464,515,534)	32,566,400
Acquisition of equipment	(1,333,693,805)	(574,127,523)	(213,353,595)	(159,951,270)
Acquisition of computer software	(13,274,589)	(16,355,308)	(11,342,368)	(11,626,961)
Proceeds from sales of computer software	243,860	-	25,888	7,200
Proceeds from sales of equipment	85,469,743	32,465,675	21,002,056	6,945,645
<b>Net cash flows from (used in) investing activities</b>	<b>(1,219,504,908)</b>	<b>(563,729,927)</b>	<b>(409,551,622)</b>	<b>251,455,990</b>
<b>Cash flows from financing activities:</b>				
Cash receipts from shares subscription of subsidiary	17,950,848	7,968,551	-	-
Increase (decrease) in short-term loans from financial institutions	(2,901,822,002)	4,970,382,227	(2,734,070,497)	4,811,391,613
Increase (decrease) in short-term loans from related party	-	-	135,000,000	(231,000,000)
Cash paid under finance lease agreements	(127,328)	(265,074)	-	-
Repayment of long-term loans	(129,912,500)	(324,438,621)	-	-
Cash receipts from increase in capital	16,681,505	74,313,871	16,681,505	74,313,871
Cash receipts from share subscription	2,571,000	8,073,525	2,571,000	8,073,525
Dividend paid to shareholders	(1,104,422,919)	(1,405,784,232)	(1,104,422,919)	(1,405,784,232)
Dividend paid to non-controlling interests of subsidiaries	(42)	(57)	-	-
<b>Net cash flows from (used in) financing activities</b>	<b>(4,099,081,438)</b>	<b>3,330,250,190</b>	<b>(3,684,240,911)</b>	<b>3,256,994,777</b>
<b>Exchange differences on translation of financial statements in foreign currencies</b>	<b>(108,442,503)</b>	<b>(67,483,801)</b>	<b>-</b>	<b>-</b>
<b>Net increase in cash and cash equivalents</b>	<b>895,706,389</b>	<b>78,300,288</b>	<b>707,664,166</b>	<b>116,045,631</b>
Cash and cash equivalents at beginning of year	1,103,710,709	1,025,410,421	269,948,936	153,903,305
<b>Cash and cash equivalents at end of year</b>	<b>1,999,417,098</b>	<b>1,103,710,709</b>	<b>977,613,102</b>	<b>269,948,936</b>
<b>Supplemental cash flows information</b>				
<b>Non-cash transactions</b>				
Purchase of equipment for which cash has not been paid	31,014,066	28,054,921	-	-

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

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Tipco Asphalt Public Company Limited and its subsidiaries  
For the year ended 31 December 2019

### 1. General information

Tipco Asphalt Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. The major shareholders of the Company are Supsakorn family and Colas Group, a company incorporated in French Republic. The Company is principally engaged in the manufacture and distribution of asphalt and petroleum products and its registered address is 118/1 Rama 6 Road, Phayathai Sub district, Phayathai District, Bangkok.

### 2. Basis of preparation

2.1 The financial statements have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Profession Act B.E. 2547 and their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 11 October 2016, issued under the Accounting Act B.E. 2543.

The financial statements in Thai language are the official statutory financial statements of the Company. The financial statements in English language have been translated from the Thai language financial statements.

The financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies.



## 2.2 Basis of consolidation

- a) The consolidated financial statements include the financial statements of the Company and the following subsidiaries:

Company's name	Nature of business	Paid-up capital		Shareholding percentage	
		<u>2019</u> (Million Baht)	<u>2018</u> (Million Baht)	<u>2019</u> (%)	<u>2018</u> (%)
<b><u>Subsidiaries incorporated in Thailand</u></b>					
Raycol Asphalt Co., Ltd.	Manufacture and distribution of asphalt products	111	111	100.00	100.00
Thai Bitumen Co., Ltd.	Manufacture and distribution of asphalt products	375	375	99.99	99.99
Tipco Maritime Co., Ltd.	Shipping management and agency	2	2	99.99	99.99
Alpha Maritime Co., Ltd.	Marine transportation	143	143	99.99	99.99
Bitumen Marine Co., Ltd.	Marine transportation	150	150	99.99	99.99
Delta Shipping Co., Ltd.	Marine transportation	80	80	99.99	99.99
Tasco Shipping Co., Ltd.	Marine transportation	290	290	99.99	99.99

Company's name	Nature of business	Paid-up capital		Shareholding percentage	
		<u>2019</u>	<u>2018</u>	<u>2019</u> (%)	<u>2018</u> (%)
<b><u>Subsidiaries incorporated in Malaysia</u></b>					
Kemaman Oil Corporation Sdn Bhd ("KOC")	Holding company and manufacture and distribution of asphalt and petroleum products	151.96 Million ringgit	151.96 Million ringgit	100.00	100.00
Kemaman Bitumen Company Sdn Bhd ("KBC")	Manufacture and distribution of asphalt and petroleum products	305.55 Million ringgit	305.55 Million ringgit	100.00	100.00
KBC Trading Sdn Bhd (10% owned by the Company and 20% owned by KOC)	Distribution of asphalt products	0.30 Million ringgit	0.30 Million ringgit	30.00	30.00
<b><u>Subsidiaries incorporated in Singapore</u></b>					
Highway Resources Trading Pte. Ltd. (100% owned by HR, previously known as KBC Energy Pte. Ltd. which 100% owned by KOC)	Dormant	0.01 Million USD	0.01 Million USD	100.00	100.00
Pacific Bitumen Shipping Pte. Ltd.	Marine transportation	0.04 Million USD	0.04 Million USD	100.00	100.00
Highway Resources Pte. Ltd. ("HR")	Holding company	4.78 Million SGD	4.78 Million SGD	100.00	100.00
AD Shipping Pte. Ltd.	Marine transportation	7.13 Million SGD	7.13 Million SGD	100.00	100.00

Company's name	Nature of business	Paid-up capital		Shareholding percentage	
		2019	2018	2019	2018
Reta Link Pte. Ltd.	Marine transportation	0.05 Million SGD	0.05 Million SGD	100.00 (%)	100.00 (%)
<b><u>Subsidiary incorporated in Vietnam</u></b>					
Asphalt Distribution Co., Ltd. (100% owned by HR)	Manufacture and distribution of asphalt products	115,650 Million VND	115,650 Million VND	100.00	100.00
<b><u>Subsidiaries incorporated in Indonesia</u></b>					
PT Asphalt Bangun Sarana ("ABS")	Manufacture and distribution of asphalt products	58,450 Million IDR	58,450 Million IDR	99.98	99.98
PT Saranaraya Reka Cipta (100% owned by ABS)	Manufacture and distribution of asphalt products	10,477 Million IDR	10,477 Million IDR	99.98	99.98
<b><u>Subsidiary incorporated in Cambodia</u></b>					
Tipco Asphalt (Cambodia) Co., Ltd.	Manufacture and distribution of asphalt products	20.00 Million riel	20.00 Million riel	100.00	100.00
<b><u>Subsidiary incorporated in Hong Kong</u></b>					
Tasco International (Hong Kong) Ltd. ("TIHK")	Holding company	97.97 Million HKD	97.97 Million HKD	100.00	100.00

Company's name	Nature of business	Paid-up capital		Shareholding percentage	
		2019	2018	2019	2018
<b><u>Subsidiaries incorporated in China (owned by TIHK)</u></b>					
Langfang Tongtai Road Material Co., Ltd.	Manufacture and distribution of asphalt products	2.10 Million USD	2.10 Million USD	51.00 (%)	51.00 (%)
Zhenjiang Tipco Asphalt Co., Ltd.	Manufacture and distribution of asphalt products	20.00 Million RMB	20.00 Million RMB	51.00	51.00
Tipco Asphalt (Xinhui) Co., Ltd.	Manufacture and distribution of asphalt products	30.00 Million RMB	30.00 Million RMB	100.00	100.00
Guangzhou Tipco Asphalt Trading Co., Ltd.	Distribution of asphalt products	6.00 Million RMB	6.00 Million RMB	100.00	100.00
<b><u>Subsidiaries incorporated in Lao People's Democratic Republic</u></b>					
Tipco Asphalt Lao Company Limited	Manufacture and distribution of asphalt products	26.675 Million LAK	18.673 Million LAK	75.00	75.00

- b) The Company is deemed to have control over an investee or subsidiaries if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns.
- c) Subsidiaries are fully consolidated as from the date on which the Company obtains control and continue to be consolidated until the date when such control ceases.
- d) The financial statements of the subsidiaries are prepared using the same significant accounting policies as those of the Company.
- e) The assets and liabilities in the financial statements of overseas subsidiary companies are translated to Baht using the exchange rate prevailing on the end of reporting period, and revenues and expenses translated using monthly average exchange rates. The resulting differences are shown under the caption of “Exchange differences on translation of financial statements in foreign currencies” in the statement of changes in shareholders’ equity.
- f) Material balances and transactions between the Group has been eliminated from the consolidated financial statements.
- g) Non-controlling interests represent the portion of profit or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated profit or loss and within equity in the consolidated statement of financial position.

2.3 The separate financial statements present investments in subsidiaries, joint ventures and associates under the cost method.

### 3. New financial reporting standards

#### (a) Financial reporting standards that became effective in the current year

During the year, the Group has adopted the revised (revised 2018) and new financial reporting standards and interpretations which are effective for fiscal periods beginning on or after 1 January 2019. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards. The adoption of these financial reporting standards does not have any significant impact on the financial statements of the Group. However, the new standard involves changes to key principles, which are summarised below.

#### IFRS 15 Revenue from Contracts with Customers

IFRS 15 supersedes the following accounting standards together with related interpretations.

TAS 11 (revised 2017)	Construction Contracts
TAS 18 (revised 2017)	Revenue
TSIC 31 (revised 2017)	Revenue - Barter Transactions Involving Advertising Services
TFRIC 13 (revised 2017)	Customer Loyalty Programmes
TFRIC 15 (revised 2017)	Agreements for the Construction of Real Estate
TFRIC 18 (revised 2017)	Transfers of Assets from Customers

Entities are to apply this standard to all contracts with customers unless those contracts fall within the scope of other standards. The standard establishes a five-step model to account for revenue arising from contracts with customers, with revenue being recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model.

This standard does not have any significant impact on the financial statements of the Group.

#### (b) Financial reporting standards that will become effective for fiscal years beginning on or after 1 January 2020

The Federation of Accounting Professions issued a number of new and revised financial reporting standards and interpretations, which are effective for fiscal years beginning on or after 1 January 2020. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards except the following new standards which involve changes to key principles, which are summarised below.

### Financial reporting standards related to financial instruments

A set of TFRSs related to financial instruments consists of five accounting standards and interpretations, as follows:

Financial reporting standards:

TFRS 9	Financial Instruments
TFRS 7	Financial Instruments: Disclosures

Accounting standard:

TAS 32	Financial Instruments: Presentation
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Financial Reporting Standard Interpretations:

TFRIC 16	Hedges of a Net Investment in a Foreign Operation
TFRIC 19	Extinguishing Financial Liabilities with Equity Instruments

These TFRSs related to financial instruments make stipulations relating to the classification of financial instruments and their measurement at fair value or amortised cost (taking into account the type of instrument, the characteristics of the contractual cash flows and the Company's business model), calculation of impairment using the expected credit loss method, and hedge accounting. These include stipulations regarding the presentation and disclosure of financial instruments. When the TFRSs related to financial instruments are effective, some accounting standards, interpretations and guidance which are currently effective will be cancelled.

The management of the Group expects the adoption of these accounting standards to result in recognition of credit losses. The Group is to recognise an allowance for expected credit losses on its financial assets, and it is no longer necessary for a credit-impaired event to have occurred. The Group applies the simplified approach to consider impairment of trade receivables.

The management of the Group is currently evaluating the impact of these standards to the financial statements in the year when they are adopted.

#### TFRS 16 Leases

TFRS 16 supersedes TAS 17 Leases together with related Interpretations. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases, and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is low value.

Accounting by lessors under TFRS 16 is substantially unchanged from TAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles to those used under TAS 17.

The management of the Group is currently evaluating the impact of this standard on the financial statements in the year when it is adopted.

## 4. Significant accounting policies

### 4.1 Revenue recognition

#### *Sales of goods*

Revenue from sale of goods is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods. Revenue is measured at the amount of the consideration received or receivable, excluding value added tax, of goods supplied after deducting returns, discounts, allowances and price promotions to customers.

#### *Rendering of services*

Service revenue is recognised over time when services have been rendered taking into account the stage of completion.

Vessel operating income consists of time charters and voyage charters. Income from time charters is recognised when the right to use a vessel is transferred to a lessee for an agreed period of time, while income from voyage charters is recognised by reference to the stage of completion.

#### *Interest income*

Interest income is recognised on an accrual basis based on the effective interest rate.

#### *Dividends*

Dividends are recognised when the right to receive the dividends is established.

### 4.2 Cash and cash equivalents

Cash and cash equivalents consist of cash in hand, cash at banks, and all highly liquid investments with an original maturity of three months or less and not subject to withdrawal restrictions.

#### 4.3 Trade and other receivables

Trade and other receivables are stated at the net realisable value. Allowance for doubtful accounts is provided for the estimated losses that may be incurred in collection of receivables. The allowance is generally based on collection experience and analysis of debt aging.

#### 4.4 Inventories

Finished goods and work in process are valued at the lower of cost (the weighted average cost method) and net realisable value. Cost of finished goods includes all production costs and attributable factory overheads.

Raw materials, packaging materials, spare parts and factory supplies are valued at the lower of cost determined under the weighted average cost method and net realisable value. Raw materials, packaging materials, spare parts and factory supplies are charged to production costs whenever consumed.

#### 4.5 Investments

- a) Investments in joint ventures and associates are accounted for in the consolidated financial statements using the equity method.
- b) Investments in subsidiaries, joint venture and associates are accounted for in the separate financial statements using the cost method less allowance for loss on impairment.

#### 4.6 Investment properties

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and allowance for loss on impairment (if any).

Depreciation of investment properties is calculated by reference to their costs on the straight-line basis over the estimated useful lives of 5 and 20 years. Depreciation is included in profit or loss. No depreciation is provided on land.

On disposal of investment properties, the difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period when the asset is derecognised.

#### 4.7 Property, plant and equipment/Depreciation

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

Building and equipment acquired through business combination are initially recognised at their fair value on the date of business acquisition. Following the initial recognition, the building and equipment are carried at cost less accumulated depreciation and less allowance for loss on impairment of assets (if any).

Depreciation of plant and equipment is calculated by reference to their costs less residual value on the straight-line basis over the following estimated useful lives:

Land improvement	20 years
Buildings and complements	20 to 47 years
Building improvements	20 to 30 years
Machinery, tools and equipment	5 to 20 years
Furniture and office equipment	3 to 5 years
Vehicles	5 to 10 years
Vessels, tools and equipment	2.5 to 30 years

Depreciation is included in profit or loss.

No depreciation is provided on land, construction in progress and equipment under installation.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on disposal of an asset is included in profit or loss when the asset is derecognised.

#### 4.8 Intangible assets

Intangible assets acquired through business combination are initially recognised at their fair value on the date of business acquisition while intangible assets acquired in other cases are recognised at cost. Following the initial recognition, the intangible assets are carried at cost less accumulated amortisation and less allowance for loss on impairment of assets (if any).

Intangible assets with finite lives are amortised on a systematic basis over the economic useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method of such intangible assets are reviewed at least at each financial year end. The amortisation expense is charged to profit or loss.

A summary of the intangible assets with finite useful lives is as follows:

	<u>Useful lives</u>
Computer software	5 years
Customer relationship	12 years
Non-competition clause	5 years

#### 4.9 Goodwill

Goodwill is initially recorded at cost, which equals to the excess of cost of business combination over the fair value of the net assets acquired. If the fair value of the net assets acquired exceeds the cost of business combination, the excess is immediately recognised as gain in profit or loss.

Goodwill is carried at cost less allowance for impairment loss (if any). Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of group of cash-generating unit that are expected to benefit from the synergies of the combination. The Group estimate the recoverable amount of each group of cash-generating unit to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in profit or loss and will not be reversed in future periods.

#### 4.10 Leasehold rights

Leasehold rights are stated at cost less accumulated amortisation and less allowance for impairment loss of leasehold rights (if any). Amortisation is calculated by reference to cost on a straight-line basis over the lease periods.

The amortisation is included in profit or loss.

#### 4.11 Related party transactions

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

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

#### 4.12 Long-term leases

Leases of equipment which transfer substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lower of the fair value of the leased assets and the present value of the minimum lease payments. The outstanding rental obligations, net of finance charges, are included in long-term payables, while the interest element is charged to profit or loss over the lease period. The assets acquired under finance leases are depreciated over the shorter of the useful life of the assets and the lease period, if the Group expect not to purchase such assets at the end of the lease period.

Operating lease payments are recognised as an expense in profit or loss on a straight line basis over the lease term.

#### 4.13 Foreign currencies

The consolidated and separate financial statements are presented in Baht, which is also the Company's functional currency. Items of each entity included in the consolidated financial statements of each entity are measured using the functional currency of that entity.

Transactions in foreign currencies are translated into Baht at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Baht at the exchange rate ruling at the end of the reporting period.

Gains and losses on exchange are included in profit or loss.

#### 4.14 Impairment of assets

At the end of each reporting period, the Group performs impairment reviews in respect of the property, plant and equipment, investment properties and other intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. The Group also carries out annual impairment reviews in respect of goodwill. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount.

An impairment loss is recognised in profit or loss.

In the assessment of asset impairment if there is any indication that previously recognised impairment losses may no longer exist or may have decreased, such reversal except for that of goodwill, is recognised in profit or loss. The increased carrying amount of the asset attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years.

#### 4.15 Employee benefits

##### **Short-term employee benefits**

Salaries, wages, bonuses and contributions to the social security fund are recognised as expenses when incurred.

##### **Post-employment benefits and other long-term employee benefits**

###### *Defined contribution plans*

The Group, and its employees have jointly established a provident fund. The fund is monthly contributed by employees and by the Group. The fund's assets are held in a separate trust fund and contributions of the Group is recognised as expenses when incurred.

###### *Defined benefit plans and other long-term employee benefits*

The Group has obligations in respect of the severance payments they must make to employees upon retirement under labor law and other employee benefit plans. The Group treats these severance payment obligations as a defined benefit plan. In addition, the Company and its local subsidiaries provide other long-term employee benefit plan, namely long service awards.

The obligation under the defined benefit plan and other long-term employee benefit plans is determined by a professionally qualified independent actuary based on actuarial techniques, using the projected unit credit method.

Actuarial gains and losses arising from post-employment benefits are recognised immediately in other comprehensive income.

Actuarial gains and losses arising from other long-term benefits are recognised immediately in profit or loss.

#### 4.16 Equity-settled share-based payment transactions

The Group recognises the share-based payment transactions at the date on which the options are granted, based on the fair value of the share options. They are recorded as expenses over the expected life of the share options, and a capital reserve for share-based payment transactions is presented in shareholders' equity.

#### 4.17 Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

#### 4.18 Income Tax

Income tax expense represents the sum of corporate income tax currently payable and deferred tax.

##### **Current tax**

Current income tax is provided in the accounts at the amount expected to be paid to the taxation authorities, based on taxable profits determined in accordance with tax legislation.

##### **Deferred tax**

Deferred income tax is provided on temporary differences between the tax bases of assets and liabilities and their carrying amounts at the end of each reporting period, using the tax rates enacted at the end of the reporting period.

The Group recognises deferred tax liabilities for all taxable temporary differences while it recognises deferred tax assets for all deductible temporary differences and tax losses carried forward to the extent that it is probable that future taxable profit will be available against which such deductible temporary differences and tax losses carried forward can be utilised.

At each reporting date, the Group reviews and reduces the carrying amount of deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

The Group records deferred tax directly to shareholders' equity if the tax relates to items those are recorded directly to shareholders' equity.

#### 4.19 Derivatives

The Group uses derivative financial instruments, such as forward currency contracts and forward commodity contracts, to hedge its foreign currency risks and commodity price risks, respectively. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss, except for the effective portion of cash flow hedges, which is recognised in other comprehensive income and later reclassified to profit or loss when the hedge item affects profit or loss.

The Company applies cash flow hedging to mitigate the risk exposures relating to price fluctuations on the Company's forecasted sales. The Company designated the forecasted sales as hedged items in a cash flow hedge using forward contracts as hedging instruments. Such accounting method is applied only when the Company has clearly identified the risks to be hedged, when economic relationship has been established and when the hedge effectiveness can be reliably assessed. Gains or losses arising from changes in the fair value of hedging instruments that effectively hedge the identified risk exposures are recognised directly in other comprehensive income and are subsequently reclassified in profit or loss when the forecasted transaction occurs. Any ineffectiveness measured shall be recognised immediately in profit or loss. In the event that the hedged item is no longer expected to occur, any gains or losses from changes in the fair value of the hedging instrument are recognised immediately to profit or loss.

#### 4.20 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between buyer and seller (market participants) at the measurement date. The Group applies a quoted market price in an active market to measure their assets and liabilities that are required to be measured at fair value by relevant financial reporting standards. Except in case of no active market of an identical asset or liability or when a quoted market price is not available, the Group measures fair value using valuation technique that are appropriate in the circumstances and maximises the use of relevant observable inputs related to assets and liabilities that are required to be measured at fair value.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy into three levels based on categorise of input to be used in fair value measurement as follows:

- Level 1 - Use of quoted market prices in an observable active market for such assets or liabilities
- Level 2 - Use of other observable inputs for such assets or liabilities, whether directly or indirectly
- Level 3 - Use of unobservable inputs such as estimates of future cash flows

At the end of each reporting period, the Group determines whether transfers have occurred between levels within the fair value hierarchy for assets and liabilities held at the end of the reporting period that are measured at fair value on a recurring basis.

#### 5. Significant accounting judgments and estimates

The preparation of financial statements in conformity with financial reporting standards accounting principles at times requires management to make subjective judgments and estimates regarding matters that are inherently uncertain. These judgments and estimates affect reported amounts and disclosures, and actual results could differ from these estimates. Significant judgments and estimates are as follows:

##### **Consolidation of subsidiary that the Group hold less than half of shares**

The management of the Group determined that the Group has control over KBC Trading Sdn Bhd, even though the Group holds 30 percent of shares that is less than half of shares. This is because the Group has control over that company through its board of directors. As a result, KBC Trading Sdn Bhd is deemed to be a subsidiary of the Group and has to be included in the consolidated financial statements from the date on which the Group assumed control.

##### **Allowance for doubtful accounts**

In determining an allowance for doubtful accounts, the management needs to make judgment and estimates based upon, among other things, past collection history, aging profile of outstanding debts and the prevailing economic condition.

##### **Fair value of financial instruments**

In determining the fair value of financial instruments recognised in the statement of financial position that are not actively traded and for which quoted market prices are not readily available, the management exercise judgement, using a variety of valuation techniques and models. The input to these models is taken from observable markets, and includes consideration of credit risk, liquidity, correlation and longer-term volatility of financial instruments. Change in assumptions about these factors could affect the fair value recognised in the statement of financial position and disclosures of fair value hierarchy.

##### **Net realisable value of inventories**

The management uses judgment to estimate the net realisable value of inventories taking into consideration the fluctuation of price or cost directly relating to events occurring after the reporting period.

##### **Property plant and equipment/Depreciation**

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



In addition, the management is required to review property, plant and equipment for impairment on a periodical basis and record impairment losses in the period when it is determined that their recoverable amount is lower than the carrying cost. This requires judgments regarding forecast of future revenues and expenses relating to the assets subject to the review.

### Goodwill and intangible assets

The initial recognition and measurement of goodwill and intangible assets, and subsequent impairment testing, require management to make estimates of cash flows to be generated by the asset or the cash generating units and to choose a suitable discount rate in order to calculate the present value of those cash flows.

### Deferred tax assets

Deferred tax assets are recognised for deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the temporary differences and losses can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of estimate future taxable profits.

## 6. Trade and other receivables

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2019	2018	2019	2018
<b>Trade receivables - related parties</b> (Note 7)				
Aged on the basis of due dates				
Not yet due	511,415	366,725	1,300,331	1,051,575
Past due				
Up to 3 months	227,813	49,900	361,864	294,008
3 - 6 months	26,962	-	92,963	232,569
6 - 9 months	-	-	20,796	563
9 - 12 months	-	-	4,469	5,699
Over 12 months	-	-	207,852	235,325
Total	766,190	416,625	1,988,275	1,819,739
Less: Allowance for doubtful accounts	-	-	(210,742)	(230,936)
Total trade receivables - related parties, net	766,190	416,625	1,777,533	1,588,803

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2019	2018	2019	2018
<b>Trade receivables - unrelated parties</b>				
Aged on the basis of due dates				
Not yet due	3,513,056	3,275,547	2,535,804	2,060,353
Past due				
Up to 3 months	586,895	656,903	153,988	205,283
3 - 6 months	164,381	199,723	36,566	15,502
6 - 9 months	92,377	50,682	35,594	23,917
9 - 12 months	41,432	48,300	3,810	10,796
Over 12 months	313,220	315,601	64,556	69,664
Total	4,711,361	4,546,756	2,830,318	2,385,515
Less: Allowance for doubtful accounts	(299,928)	(313,455)	(66,186)	(70,021)
Total trade receivables - unrelated parties, net	4,411,433	4,233,301	2,764,132	2,315,494
Total trade receivables - net	5,177,623	4,649,926	4,541,665	3,904,297
<b>Other receivables</b>				
Amounts due from related parties (Note 7)	17,195	29,104	341,719	203,526
Accounts receivable from price				
hedging contracts	34,066	355,905	34,066	355,905
Other receivables	5,114	6,969	2,878	3,507
Total other receivables	56,375	391,978	378,663	562,938
Trade and other receivables - net	5,233,998	5,041,904	4,920,328	4,467,235

## 7. Related party transactions

During the year, the Group had significant business transactions with related parties. Such transactions, which are summarised below, arose in the ordinary course of business and were concluded on commercial terms and bases agreed upon between the Group and those related parties.

(Unit: Million Baht)

	Consolidated		Separate		Transfer Pricing Policy
	financial statements		financial statements		
	2019	2018	2019	2018	
<b>Transactions with subsidiaries</b>					
(eliminated from the consolidated financial statements)					
Sales and service income	-	-	6,771	6,437	Cost plus certain margin
Rental and service income	-	-	9	20	Contract price
Technical and administrative assistance income	-	-	59	49	Contract price
Interest income	-	-	40	36	At rate of 1.0 - 2.5 percent and LIBOR plus 1.5 percent per annum
Purchases of goods	-	-	11	18	Cost plus certain margin
Rental and service expenses	-	-	2,425	1,888	Contract price
Interest expense	-	-	1	1	At rate of 1.0 percent per annum
Dividend income	-	-	285	362	
<b>Transactions with joint ventures</b>					
Sales and service income	2,420	633	2,420	630	Market price / contract price
Rental and service income	-	1	-	1	Contract price
Purchases of goods	-	57	-	-	Contract price
<b>Transactions with associates</b>					
Sales and service income	253	256	214	219	Market price / contract price
Rental and service income	1	1	1	1	Contract price
Dividend income	-	-	42	80	
<b>Transactions with related companies</b>					
Sales and service income	1,456	2,212	1,438	2,179	Market price / contract price
Rental and service income	1	2	1	2	Contract price
Rental and service expenses	82	78	76	72	Contract price
Technical and administrative assistance expenses	39	38	39	38	Contract price

The balances of the accounts between the Group and those related companies as at 31 December 2019 and 2018 are as follows:

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
<b>Trade and other receivables- related parties</b> (Note 6)				
Subsidiaries	-	-	1,576,406	1,629,441
Joint ventures	443,250	140,949	441,348	138,953
Associates	182,968	97,043	160,163	63,840
Related companies (common shareholders and directors)	157,167	207,737	152,077	191,031
Total trade and other receivables - related parties	783,385	445,729	2,329,994	2,023,265
Less: Allowance for doubtful accounts	-	-	(210,742)	(230,936)
<b>Total trade and other receivables - related parties, net</b>	<b>783,385</b>	<b>445,729</b>	<b>2,119,252</b>	<b>1,792,329</b>
<b>Short-term loan to related party</b>				
Subsidiary	-	-	13,000	-
<b>Total short-term loan to related party</b>	<b>-</b>	<b>-</b>	<b>13,000</b>	<b>-</b>
<b>Long-term loans to related parties</b>				
Subsidiaries	-	-	1,479,030	1,248,756
<b>Total long-term loans to related parties</b>	<b>-</b>	<b>-</b>	<b>1,479,030</b>	<b>1,248,756</b>
<b>Trade and other payables - related parties</b> (Note 17)				
Subsidiaries	-	-	1,368,406	1,115,471
Joint venture	244	399	244	399
Associates	63	194	4	98
Related companies (common shareholders and directors)	81,058	78,707	79,582	78,048
<b>Total trade and other payables - related parties</b>	<b>81,365</b>	<b>79,300</b>	<b>1,448,236</b>	<b>1,194,016</b>
<b>Advance received from customers - related parties</b>				
Subsidiary	-	-	-	53,399
Related company (common shareholders and directors)	-	224	-	224
<b>Total advance received from customers - related parties</b>	<b>-</b>	<b>224</b>	<b>-</b>	<b>53,623</b>
<b>Short-term loan from related party</b>				
Subsidiary	-	-	160,000	25,000
<b>Total short-term loans from related parties</b>	<b>-</b>	<b>-</b>	<b>160,000</b>	<b>25,000</b>

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
<b>Long-term loan from related party</b>				
Related company (shareholder of subsidiary)	6,343	6,944	-	-
<b>Total long-term loan from related party</b>	<b>6,343</b>	<b>6,944</b>	<b>-</b>	<b>-</b>

The balances and the movements of loans between the Company and those related companies were as follows:

(Unit: Thousand Baht)

Company's name	Related by	Consolidated financial statements		
		Exchange differences		
		Balance as at 31 December 2018	on translation of financial statements in foreign currencies	Balance as at 31 December 2019
<b>Long-term loan from related party</b>				
Zhenjiang Highway Materials Company	Shareholder of subsidiary	6,944	(601)	6,343

(Unit: Thousand Baht)

Company's name	Related by	Separate financial statements				
		Balance as at 31 December 2018	Increase during the year	Decrease during the year	Gain (Loss) on exchange	Balance as at 31 December 2019
		<b>Short-term loan to related party</b>				
Alpha Maritime Co., Ltd.	Subsidiary	-	13,000	-	-	13,000
<b>Long-term loans to related parties</b>						
AD Shipping Pte. Ltd.	Subsidiary	225,994	-	(38,301) *	(9,134)	178,559
Reta Link Pte. Ltd.	Subsidiary	145,282	474,056	(9,540)	(9,840)	599,958
Pacific Bitumen Shipping Pte. Ltd.	Subsidiary	877,480	-	(135,778) *	(41,189)	700,513
<b>Total</b>		<b>1,248,756</b>	<b>474,056</b>	<b>(183,619)</b>	<b>(60,163)</b>	<b>1,479,030</b>
<b>Short-term loan from related party</b>						
Raycol Asphalt Co., Ltd.	Subsidiary	25,000	160,000	(25,000)	-	160,000
<b>Total</b>		<b>25,000</b>	<b>160,000</b>	<b>(25,000)</b>	<b>-</b>	<b>160,000</b>

\* AD Shipping Pte. Ltd. and Pacific Bitumen Shipping Pte. Ltd. offset their long-term loans to be repaid with outstanding balances of account payable to the Company.

## Directors and management's benefits

During 2019 and 2018, the Group had employee benefit expenses of their directors and management as detailed below.

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Short-term employee benefits	162	142	149	129
Post-employment benefits and other long-term benefits (Note 20)	3	4	3	4
Share-based payment transactions (Note 22)	-	8	-	7
<b>Total</b>	<b>165</b>	<b>154</b>	<b>152</b>	<b>140</b>

## Guarantee obligations with related parties

The Group has outstanding guarantee obligations with its related parties, as described in Note 19 to the financial statements.

## 8. Inventories

(Unit: Thousand Baht)

	Consolidated financial statements					
	Cost		Reduction of cost to net realisable value		Inventories - net	
	2019	2018	2019	2018	2019	2018
Finished goods	1,410,270	1,833,510	(7,427)	(188,299)	1,402,843	1,645,211
Raw materials	1,706,891	1,789,471	(5,561)	(445,592)	1,701,330	1,343,879
Packaging materials, spare parts and factory supplies	110,349	96,489	(502)	(489)	109,847	96,000
Goods in transit	4,252,915	4,580,160	-	(343,530)	4,252,915	4,236,630
<b>Total</b>	<b>7,480,425</b>	<b>8,299,630</b>	<b>(13,490)</b>	<b>(977,910)</b>	<b>7,466,935</b>	<b>7,321,720</b>

(Unit: Thousand Baht)

	Separate financial statements					
	Cost		Reduction of cost to net realisable value		Inventories - net	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Finished goods	1,018,640	1,373,518	(5,379)	(210,540)	1,013,261	1,162,978
Raw materials	1,454,735	1,288,734	-	(289,615)	1,454,735	999,119
Packaging materials, spare parts and factory supplies	8,919	10,086	(502)	(489)	8,417	9,597
Goods in transit	4,131,825	4,554,340	-	(433,704)	4,131,825	4,120,636
<b>Total</b>	<u>6,614,119</u>	<u>7,226,678</u>	<u>(5,881)</u>	<u>(934,348)</u>	<u>6,608,238</u>	<u>6,292,330</u>

During the current year, the Group reversed reduction of cost of inventory to net realisable value of Baht 794 million by deducting from cost of sales (2018: write-down of Baht 782 million) (The Company only: Baht 928 million (2018: write-down of Baht 935 million)).

In addition, a subsidiary in Malaysia recorded the amount of inventories damaged by a fire of Baht 170 million in 2018, presented under the caption "Damages and expenses from a fire - net of insurance claim" in the statement of comprehensive income. In the current year, the Group has already written off the damaged inventories and reversed reduction of cost of inventory to net realisable value.

## 9. Investments in subsidiaries

Details of investments in subsidiaries as presented in the separate financial statements are as follows:

Company's name	Investment cost		Dividend received during the year	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
<b><u>Domestic subsidiaries</u></b>				
Raycol Asphalt Co., Ltd.	580,712	580,712	111,000	111,000
Thai Bitumen Co., Ltd.	374,916	374,916	112,500	187,500
Less: Allowance for impairment loss of investment	(60,775)	(60,775)	-	-
Tipco Maritime Co., Ltd.	1,999	1,999	-	-
Alpha Maritime Co., Ltd.	142,999	142,999	-	-
Bitumen Marine Co., Ltd.	149,999	149,999	-	-
Delta Shipping Co., Ltd.	79,999	79,999	-	-
Tasco Shipping Co., Ltd.	289,999	289,999	-	-
<b><u>Overseas subsidiaries</u></b>				
Tasco International (Hong Kong) Ltd.	417,216	417,216	-	-
Add: Additional investment cost from the acquisition of subsidiary under common control	115,849	115,849	-	-
Less: Allowance for impairment loss of investment	(65,420)	(65,420)	-	-
Kemaman Oil Corporation Sdn Bhd	1,303,035	1,303,035	-	-
Kemaman Bitumen Company Sdn Bhd	2,752,967	2,752,967	-	-
KBC Trading Sdn Bhd	1,377	1,377	-	-
Tipco Asphalt (Cambodia) Co., Ltd.	165	165	61,367	63,681
PT Asphalt Bangun Sarana	337,254	337,254	-	-
Pacific Bitumen Shipping Pte. Ltd.	1,340	1,340	-	-
Highway Resources Pte. Ltd.	717,054	717,054	-	-
AD Shipping Pte. Ltd.	430,232	430,232	-	-
Reta Link Pte. Ltd.	28,682	28,682	-	-
Tipco Asphalt Lao Company Limited	78,877	54,902	-	-
<b>Total investments in subsidiaries</b>	<u>7,678,476</u>	<u>7,654,501</u>	<u>284,867</u>	<u>362,181</u>
Cost of share-based payment transactions, under warrants to purchase new ordinary shares of the Company issued to the subsidiaries' employees (Note 22)	38,764	38,764		
<b>Total investments in subsidiaries - net</b>	<u>7,717,240</u>	<u>7,693,265</u>		

The paid-up capital and percentage of shareholding were presented in Note 2.2 to the financial statements.

Warrants to purchase new ordinary shares of the Company issued to the subsidiaries' employees

During 2018, the Company recorded cost of share-based payment transactions, under warrants to purchase new ordinary shares of the Company issued to the subsidiaries' employees (Note 22) amounted to Baht 7.2 million, as a cost of investments in subsidiaries.

Investment in Tipco Asphalt Lao Co., Ltd. ("TAL")

In March 2018, TAL called for a payment for shares at 70 percent of the registered share capital from shareholders or amounting to LAK 18,673 million. The Company needed to pay for such shares at 75 percent or amounting to LAK 14,004 million (approximately Baht 55 million). During 2018, the Company already paid for such share capital amounting to LAK 6,133 million (approximately Baht 24 million).

In April 2019, TAL called for a payment for shares at 30 percent of the registered share capital from shareholders or amounting to LAK 8,003 million. The Company needed to pay for such shares at 75 percent or amounting to LAK 6,002 million (approximately Baht 24 million). In May 2019, the Company paid for such share capital and unpaid share capital under the first call total amounting to LAK 13,873 million (approximately Baht 55 million).

**10. Investments in joint ventures**

10.1 Details of investments in joint ventures:

Investments in joint ventures represent investments in entities which the Group jointly control with other companies. Details of these investments are as follows:

(Unit: Thousand Baht)

Joint ventures	Nature of business	Consolidated financial statements					
		Shareholding percentage		Cost		Carrying amounts based on equity method	
		2019	2018	2019	2018	2019	2018
		(%)	(%)				
Asia Bitumen Trading Pte. Ltd. (Owned by TIHK)	Distribution of asphalt and petroleum products	50	50	242	242	31,901	42,849
Borneo Asphalt Sdn Bhd (Owned by KBC)	Distribution of asphalt products	50	50	23,815	23,815	15,451	20,017
Phoenix Asphalt Philippines Inc.	Manufacture and distribution of asphalt and petroleum products	40	40	67,553	67,553	65,272	67,630
<b>Total</b>				<b>91,610</b>	<b>91,610</b>	<b>112,624</b>	<b>130,496</b>

(Unit: Thousand Baht)

Joint venture	Separate financial statements					
	Shareholding percentage		Cost		Carrying amounts based on cost method	
	2019	2018	2019	2018	2019	2018
	(%)	(%)				
Phoenix Asphalt Philippines Inc. (Manufacture and distribution of asphalt and petroleum products)	40	40	67,553	67,553	67,553	67,553
<b>Total</b>			<b>67,553</b>	<b>67,553</b>	<b>67,553</b>	<b>67,553</b>

10.2 Share of comprehensive income

The Group recognised their share of profit/loss from investments in the joint ventures in the consolidated financial statements as follows:

(Unit: Thousand Baht)

Joint ventures	Consolidated financial statements	
	Share of profit (loss) from investments in joint ventures during the year	
	2019	2018
Asia Bitumen Trading Pte. Ltd.	23,053	4,833
Borneo Asphalt Sdn Bhd	(2,945)	(2,665)
Phoenix Asphalt Philippines Inc.	274	(374)
<b>Total</b>	<b>20,382</b>	<b>1,794</b>

10.3 Summarised financial information about material joint ventures

Financial information of Asia Bitumen Trading Pte. Ltd. ("ABT")

Summarised information about financial position as at 31 December 2019 and 2018:

(Unit: Million Baht)

	2019	2018
Cash and cash equivalents	182.5	182.9
Trade and other receivables	593.7	508.1
Other assets	2.4	2.4
Trade and other payables	(689.0)	(599.4)
Other liabilities	(25.8)	(8.3)
<b>Net assets</b>	<b>63.8</b>	<b>85.7</b>
Shareholding percentage (%)	50	50
<b>Carrying amounts of joint venture based on equity method</b>	<b>31.9</b>	<b>42.9</b>

Summarised information about profit and loss for the years ended 31 December 2019 and 2018:

	(Unit: Million Baht)	
	<u>2019</u>	<u>2018</u>
Total revenues	5,528.9	3,636.2
Cost of goods sold	(5,439.2)	(3,587.5)
Total expenses	(43.6)	(39.0)
<b>Profit for the year</b>	<b>46.1</b>	<b>9.7</b>

During the current year, ABT paid dividend amounting to USD 2 million or approximately Baht 69 million (2018: None).

#### Financial information of Borneo Asphalt Sdn Bhd

Summarised information about financial position as at 31 December 2019 and 2018:

	(Unit: Million Baht)	
	<u>2019</u>	<u>2018</u>
Cash and cash equivalents	7.9	40.8
Trade and other receivables	0.7	1.0
Other assets	154.9	123.4
Trade and other payables	(0.2)	(18.0)
Other liabilities	(132.1)	(108.0)
<b>Net assets</b>	<b>31.2</b>	<b>39.2</b>
Shareholding percentage (%)	50	50
<b>Carrying amounts of joint venture based on equity method</b>	<b>15.6</b>	<b>19.6</b>

Summarised information about profit and loss for the years ended 31 December 2019 and 2018:

	(Unit: Million Baht)	
	<u>2019</u>	<u>2018</u>
Total revenues	1.2	0.4
Cost of goods sold	(0.7)	(0.3)
Total expenses	(6.2)	(5.6)
<b>Loss for the year</b>	<b>(5.7)</b>	<b>(5.5)</b>

#### Financial information of Phoenix Asphalt Philippines Inc.

Summarised information about financial position as at 31 December 2019 and 2018:

	(Unit: Million Baht)	
	<u>2019</u>	<u>2018</u>
Cash and cash equivalents	44.1	165.8
Trade and other receivables	15.8	2.5
Other assets	123.8	7.4
Trade and other payables	(10.3)	(3.9)
Other liabilities	(10.1)	(2.6)
<b>Net assets</b>	<b>163.3</b>	<b>169.2</b>
Shareholding percentage (%)	50	50
<b>Carrying amounts of joint venture based on equity method</b>	<b>81.6</b>	<b>84.6</b>

Summarised information about profit and loss for the years ended 31 December 2019 and 2018:

	(Unit: Million Baht)	
	<u>2019</u>	<u>2018</u>
Total revenues	73.4	4.3
Cost of goods sold	(66.7)	(3.9)
Total expenses	(6.0)	(1.3)
<b>Profit (loss) for the year</b>	<b>0.7</b>	<b>(0.9)</b>

## 11. Investments in associates

### 11.1 Details of associates

		(Unit: Thousand Baht)					
		Consolidated financial statements				Carrying amounts based on equity method	
Company's name	Nature of business	Shareholding percentage		Cost		Carrying amounts based on equity method	
		<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Colasie Co., Ltd.	Holding company	40	40	18,404	18,404	366,275	301,600
PT Sarana Distribusi	Barge rental service						
Aspal Nusantara (Owned by ABS)		49	49	1,313	1,313	253	431
Thai Slurry Seal Company Limited	Road rehabilitation contractor	25	25	225,043	225,043	239,874	238,868
<b>Total investments in associates</b>				<b>244,760</b>	<b>244,760</b>	<b>606,402</b>	<b>540,899</b>

(Unit: Thousand Baht)

Company's name	Nature of business	Separate financial statements					
		Shareholding percentage		Cost		Carrying amounts based on cost method	
		2019	2018	2019	2018	2019	2018
		(%)	(%)				
Colasie Co., Ltd.	Holding company	40	40	18,404	18,404	18,404	18,404
Thai Slurry Seal Company Limited (Owned by ABS)	Road rehabilitation contractor	25	25	225,043	225,043	225,043	225,043
Total investments in associates				243,447	243,447	243,447	243,447

### 11.2 Share of comprehensive income and dividend received

The Group recognised their share of profit/loss from investments in associates in the consolidated financial statements and dividend income in the separate financial statements as follows:

(Unit: Thousand Baht)

Company's name	Consolidated financial statements		Separate financial statements	
	Share of profit (loss) from investment in associates during the year		Dividend received during the year by the Company	
	2019	2018	2019	2018
Colasie Co., Ltd.	111,602	99,342	41,750	67,779
PT Sarana Distribusi Aspal Nusantara	(169)	(76)	-	-
Thai Slurry Seal Company Limited	1,006	(2,861)	-	12,433
Total	112,439	96,405	41,750	80,212

### 11.3 Summarised financial information about material associates

#### Financial information of Colasie Co., Ltd.

Financial information of Colasie Co., Ltd. as at 31 December 2019 and 2018 and for the years then ended are summarised below.

(Unit: Million Euro)

	2019	2018
Paid-up capital	1.04	1.04
Total assets	5.37	4.19
Total liabilities	0.03	0.01
Total revenues	4.25	2.97
Profit for the year	4.18	3.02

#### Financial information of Thai Slurry Seal Company Limited

Summarised information about financial position of Thai Slurry Seal Company Limited as at 31 December 2019 and 2018 are as follows:

(Unit: Million Baht)

	2019	2018
Current assets	792	603
Non-current assets	639	662
Current liabilities	(457)	(322)
Non-current liabilities	(124)	(97)
<b>Net assets</b>	<b>850</b>	<b>846</b>
<b>Net assets attributable to the Company's investment (25%)</b>	<b>213</b>	<b>212</b>
Goodwill	27	27
<b>Carrying amounts of the associate based on equity method</b>	<b>240</b>	<b>239</b>

Summarised information about comprehensive income for the year ended 31 December 2019 and 2018 are summarised below.

(Unit: Million Baht)

	2019	2018
Total revenues	1,264	1,152
Cost of goods sold	(1,144)	(1,049)
Total expenses	(116)	(114)
<b>Profit (loss) for the year</b>	<b>4</b>	<b>(11)</b>

## 12. Investment properties

(Unit: Thousand Baht)

### Consolidated financial statements

	The Company's		Total
	land, buildings and equipment located at Petchburi plant	Land of Thai Bitumen	
As at 31 December 2019:			
Cost	268,377	383,608	651,985
<u>Less</u> Accumulated depreciation	(138,692)	-	(138,692)
<u>Less</u> Allowance for diminution in value	(86,885)	(169,475)	(256,360)
Net book value	42,800	214,133	256,933
As at 31 December 2018:			
Cost	268,377	383,608	651,985
<u>Less</u> Accumulated depreciation	(138,692)	-	(138,692)
<u>Less</u> Allowance for diminution in value	(86,885)	(169,475)	(256,360)
Net book value	42,800	214,133	256,933

(Unit: Thousand Baht)

### Separate financial statements

	The Company's	The Company's	Total
	land, buildings and equipment located at Petchburi plant	land for rent located at Suratthani province	
As at 31 December 2019:			
Cost	268,377	61,438	329,815
<u>Less</u> Accumulated depreciation	(138,692)	(9,896)	(148,588)
<u>Less</u> Allowance for diminution in value	(86,885)	-	(86,885)
Net book value	42,800	51,542	94,342
As at 31 December 2018:			
Cost	268,377	61,438	329,815
<u>Less</u> Accumulated depreciation	(138,692)	(9,896)	(148,588)
<u>Less</u> Allowance for diminution in value	(86,885)	-	(86,885)
Net book value	42,800	51,542	94,342

The fair values of the investment properties, appraised by an independent professional valuer using the Sales Comparison Approach, as at 31 December 2019 and 2018 are stated below:

	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2019	2018	2019	2018
The Company's land for rent located at Suratthani province	-	-	213,000	213,000
The Company's land, buildings and equipment located at Petchburi plant	42,800	42,800	42,800	42,800
Land of Thai Bitumen	219,908	219,908	-	-



### 13. Property, plant and equipment

(Unit: Thousand Baht)

	Consolidated financial statements							Total
	Land and land improvement	Buildings, building improvements and complements	Machinery, tools and equipment	Furniture, office equipment and vehicles	Vessels	Construction in progress	and equipment under installation	
<b>Cost</b>								
As at 1 January 2018	659,295	813,582	7,050,624	1,374,468	4,238,375	225,370	14,361,714	
Additions	6,432	19,667	78,668	30,759	87,637	373,659	596,822	
Disposals/write-off	-	(9,316)	(45,999)	(83,637)	(104,101)	-	(243,053)	
Transfer in (transfer out)	8,948	35,969	102,396	56,614	-	(203,927)	-	
As at 31 December 2018	674,675	859,902	7,185,689	1,378,204	4,221,911	395,102	14,715,483	
Additions	3,676	15,443	65,856	26,618	507,626	717,433	1,336,652	
Disposals/write-off	(57)	(2,607)	(226,556)	(113,500)	(169,052)	-	(511,772)	
Transfer in (transfer out)	2,672	57,709	236,499	36,882	-	(333,762)	-	
As at 31 December 2019	680,966	930,447	7,261,488	1,328,204	4,560,485	778,773	15,540,363	

(Unit: Thousand Baht)

	Consolidated financial statements							Total
	Land and land improvement	Buildings, building improvements and complements	Machinery, tools and equipment	Furniture, office equipment and vehicles	Vessels	Construction in progress	and equipment under installation	
<b>Accumulated depreciation</b>								
As at 1 January 2018	327,285	489,854	3,148,918	712,835	874,861	-	5,553,753	
Depreciation for the year	12,095	27,533	391,373	133,266	213,887	-	778,154	
Accumulated depreciation on disposals/write-off	-	(8,386)	(32,527)	(78,082)	(67,826)	-	(186,821)	
As at 31 December 2018	339,380	509,001	3,507,764	768,019	1,020,922	-	6,145,086	
Depreciation for the year	5,122	25,749	369,168	127,335	220,779	-	748,153	
Accumulated depreciation on disposals/write-off	(22)	(2,242)	(131,430)	(109,803)	(113,952)	-	(357,449)	
As at 31 December 2019	344,480	532,508	3,745,502	785,551	1,127,749	-	6,555,790	
<b>Allowance for impairment loss</b>								
As at 1 January 2018	1,183	50,431	21,312	1,985	-	2,828	77,739	
Increase during the year	-	338	88,169	85	-	31,397	119,989	
As at 31 December 2018	1,183	50,769	109,481	2,070	-	34,225	197,728	
Increase during the year	-	-	797	-	-	-	797	
Disposals/write-off	-	-	(83,357)	(4)	-	(29,176)	(112,537)	
As at 31 December 2019	1,183	50,769	26,921	2,066	-	5,049	85,988	

(Unit: Thousand Baht)

Consolidated financial statements

	Land and land improvement	Buildings, building improvements and complements	Machinery, tools and equipment	Furniture, office equipment and vehicles	Vessels	Construction in progress and equipment under installation	Total
<b>Translation adjustments</b>							
As at 1 January 2018	-	28,430	(152,031)	(10,859)	(64,622)	27,515	(171,567)
Translation adjustments during the year	-	(4,282)	(23,125)	(2,405)	(41,133)	(2,517)	(73,462)
As at 31 December 2018	-	24,148	(175,156)	(13,264)	(105,755)	24,998	(245,029)
Translation adjustments during the year	-	(14,728)	(189,218)	(10,423)	(119,108)	(54,367)	(387,844)
As at 31 December 2019	-	9,420	(3764,374)	(23,687)	(224,863)	(29,369)	(632,873)
<b>Net book value</b>							
As at 31 December 2018	334,112	324,280	3,393,288	594,851	3,095,234	385,875	8,127,640
As at 31 December 2019	335,303	357,028	3,118,649	519,330	3,214,014	741,388	8,285,712

**Depreciation for the year**

2018 (Baht 626 million included in manufacturing cost, and the balance in selling expenses and administrative expenses)

2019 (Baht 680 million included in manufacturing cost, and the balance in selling expenses and administrative expenses)

778,154  
748,153

(Unit: Thousand Baht)

Separate financial statements

	Land and land improvement	Buildings, building improvements and complements	Machinery, tools and equipment	Furniture, office equipment and vehicles	Construction in progress and equipment under installation	Total
<b>Cost</b>						
As at 1 January 2018	480,536	265,341	602,440	839,672	66,770	2,254,759
Additions	3,924	4,222	26,091	5,067	120,647	159,951
Disposals/write-off	-	-	(11,503)	(47,539)	-	(59,042)
Transfer in (transfer out)	4,944	17,533	14,363	49,853	(86,693)	-
As at 31 December 2018	489,404	287,096	631,391	847,053	100,724	2,355,668
Additions	2,995	10,463	14,812	17,975	167,109	213,354
Disposals/write-off	(57)	(1,412)	(11,605)	(92,681)	-	(105,755)
Transfer in (transfer out)	1,339	47,212	57,964	26,795	(133,310)	-
As at 31 December 2019	493,681	343,359	692,562	799,142	134,523	2,463,267
<b>Accumulated depreciation</b>						
As at 1 January 2018	239,222	193,918	494,207	461,161	-	1,388,508
Depreciation for the year	9,059	6,573	34,607	73,408	-	123,647
Accumulated depreciation on disposal/write-off	-	-	(11,480)	(46,219)	-	(57,699)
As at 31 December 2018	248,281	200,491	517,334	488,350	-	1,454,456
Depreciation for the year	3,468	7,155	41,697	73,939	-	126,259
Accumulated depreciation on disposal/write-off	(22)	(1,066)	(11,428)	(90,357)	-	(102,873)
As at 31 December 2019	251,727	206,580	547,603	471,932	-	1,477,842

(Unit: Thousand Baht)

	Separate financial statements					Total
	Land and land improvement	Buildings, building improvements and complements	Machinery, tools and equipment	Furniture, office equipment and vehicles	Construction in progress and equipment under installation	
<b>Allowance for impairment loss</b>						
As at 31 December 2018	1,183	-	-	-	-	1,183
As at 31 December 2019	1,183	-	-	-	-	1,183
<b>Net book value</b>						
As at 31 December 2018	239,940	86,605	114,057	358,703	100,724	900,029
As at 31 December 2019	240,771	136,779	144,959	327,210	134,523	984,242
<b>Depreciation for the year</b>						
2018 (Baht 106 million included in manufacturing cost, and the balance in selling expenses and administrative expenses)						123,647
2019 (Baht 111 million included in manufacturing cost, and the balance in selling expenses and administrative expenses)						126,259

As at 31 December 2019, certain items of plant and equipment items had been fully depreciated but were still in use. The original cost of those assets amounted to approximately Baht 3,034 million (2018: Baht 2,774 million) (The Company only: Baht 1,316 million (2018: Baht 1,337 million)).

#### 14. Intangible assets

	Consolidated financial statements				Separate financial statements			
	Computer software	Customer relationship	Non-competition clause	Total	Computer software under installation	Computer software under installation	Computer software under installation	Total
As at 31 December 2019:								
Cost	176,262	177,083	11,724	373,868	8,799	144,322	8,799	153,121
<u>Less</u> Accumulated amortisation	(110,331)	(59,028)	(9,820)	(179,179)	-	(81,504)	-	(81,504)
Translation adjustments	1,819	-	(994)	825	-	-	-	-
Net book value	67,750	118,055	910	195,514	8,799	62,818	8,799	71,617
As at 31 December 2018:								
Cost	177,549	177,083	11,724	366,452	96	147,648	96	147,744
<u>Less</u> Accumulated amortisation	(85,569)	(44,271)	(7,588)	(137,428)	-	(59,870)	-	(59,870)
Translation adjustments	1,914	-	(922)	992	-	-	-	-
Net book value	93,894	132,812	3,214	230,016	96	87,778	96	87,874

A reconciliation of the net book value of intangible assets for the years 2019 and 2018 is presented below.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Net book value at beginning of year	230,016	260,995	87,874	103,482
Acquisition of computer software	13,275	16,355	11,342	11,627
Amortisation	(47,170)	(46,542)	(27,571)	(27,235)
Disposal/Write-off	(246)	(302)	(28)	-
Translation adjustments	(361)	(490)	-	-
Net book value at end of year	195,514	230,016	71,617	87,874

#### 15. Leasehold rights

The Group entered into agreements to lease buildings and land. The lease agreements can be summarised below.

Leasee	Country the leased asset located in	Lease period (year)	Lease agreement ending year	Prepaid lease amount at inception of the lease
2. A subsidiary in China	China	30	2029	5.7 million renminbi
3. A subsidiary in China	China	50	2050	6.9 million renminbi
4. A subsidiary in China	China	45	2055	2.5 million renminbi
5. A subsidiary in Malaysia	Malaysia	50	2055	19.8 million ringgit
6. A subsidiary in Malaysia	Malaysia	50	2063	11.0 million ringgit
7. A subsidiary in Vietnam	Vietnam	20	2032	36,257 million Vietnam Dong

The book value of the leasehold rights as at 31 December 2019 and 2018 can be summarised below.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Cost	427,284	427,284	6,837	6,837
<u>Less</u> Accumulated amortisation	(97,400)	(86,921)	(4,330)	(4,102)
<u>Less</u> Allowance for impairment loss	(12,019)	(12,019)	-	-
Translation adjustments	(30,781)	(9,818)	-	-
Net book value	287,084	318,526	2,507	2,735

A reconciliation of the net book value of leasehold rights for the years 2019 and 2018 are presented below.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Net book value at beginning of year	318,526	331,791	2,735	2,963
Amortisation	(9,822)	(9,721)	(228)	(228)
Translation adjustments	(21,620)	(3,544)	-	-
Net book value at end of year	287,084	318,526	2,507	2,735

#### 16. Bank overdrafts and short-term loans from financial institutions

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Bank overdrafts	-	12,781	-	12,781
Trust receipts	2,716,103	5,631,793	2,716,103	5,631,793
Promissory note	1,000,000	805,600	1,000,000	805,600
Loans in Vietnam Dong	26,030	138,722	-	-
Loan in Indonesia Rupiah	270,998	347,230	-	-
Total	4,013,131	6,936,126	3,716,103	6,450,174

Bank overdrafts from local bank carry interest at the rate 7.43 percent per annum.

The trust receipts are revolving in nature and used to fund the working capital of crude inventory and receivables which have less than four-month cash conversion cycle.

Short-term loans from local banks carry interest at the rates ranging from 1.40 to 2.10 percent per annum (2018: 1.65 to 3.08 percent per annum).

Short-term loans from overseas financial institutions, located in the same country of overseas subsidiaries, carry interest at the rates ranging from 5.00 to 8.35 percent per annum (2018: 5.95 to 10.13 percent per annum).

## 17. Trade and other payables

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Trade payables - related parties (Note 7)	2,037	352	1,326,321	917,035
Trade payables - unrelated parties	5,435,791	3,228,501	5,265,585	2,998,782
Amounts due to related parties (Note 7)	79,328	78,948	121,915	276,981
Accounts payable from price hedging contracts	8,101	53,518	8,102	53,518
Other payables and accrued expenses	790,857	654,078	366,138	298,345
<b>Total trade and other payables</b>	<b>6,316,114</b>	<b>4,015,397</b>	<b>7,088,061</b>	<b>4,544,661</b>

## 18. Long-term loans from financial institutions

Loan	Borrower	Interest rate	Repayment schedule	(Unit: Thousand Baht)	
				2019	2018
<b>Long-term loans in Baht from bank in Thailand</b>					
(1)	Thai Bitumen Company Limited	Fixed rate	Quarterly installments, as stipulated in the agreement, commencing from November 2014	-	99,000
<b>Long-term loans in USD from bank in Thailand</b>					
(2)	Alpha Maritime Company Limited	Rate referenced to LIBOR	Quarterly installments as stipulated in the agreements, commencing from July 2015	74,312	112,521
Total				74,312	211,521
Less: Current portion				(37,611)	(131,615)
Long-term loans from financial institutions - net of current portion				36,701	79,906

### Loan covenants

The loan agreement of a subsidiary contains certain restrictive covenants pertaining to, among other things, the maintenance of financial ratios, the corporate guarantees from the Group, the loan to related parties, restriction on dividend payment, the maintenance of shareholders and the limitation on creation of additional long-term debt.

### 19. Credit facilities

The credit facilities of the Group granted by financial institutions are secured by the following collaterals:

- The guarantees by the Company, its subsidiaries and a shareholder of a subsidiary.
- The pledges/mortgages by the assets of subsidiaries of which the net book value as at 31 December 2019 and 2018 of the assets are summarised below.

	(Unit: Million Baht)	
	Consolidated financial statements	
	<u>2019</u>	<u>2018</u>
Leasehold rights - net	124	137
Property, plant and equipment - net	2,683	3,088

- The prohibition from creating lien over assets of the Group.
- Financial support letters provided by the Group to banks.
- The Company allows its subsidiaries to use its facilities obtained from banks, with the Company responsible to the banks for the amounts drawn down by the subsidiaries.

### 20. Provision for long-term employee benefits

Provision for long-term employee benefits, which is compensations on employees' retirement and long service award, are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
<b>Provision for long-term employee benefits at beginning of year</b>	149,496	137,624	107,684	87,540
Included in profit or loss:				
Defined benefit plans				
Current service cost	14,159	11,697	9,081	6,584
Past service cost	16,638	-	13,028	-
Interest cost	3,979	4,300	1,752	2,116
Long service award	745	3,245	555	2,635
Included in other comprehensive income:				
Actuarial (gain) loss arising from				
Demographic assumptions changes	-	1,067	-	849
Financial assumptions changes	849	(5,137)	-	34
Experience adjustments	(60)	6,888	-	13,324
Benefits paid during the year	(17,232)	(8,265)	(12,918)	(5,398)
Translation adjustments	(881)	(1,923)	-	-
<b>Provision for long-term employee benefits at end of year</b>	<u>167,693</u>	<u>149,496</u>	<u>119,182</u>	<u>107,684</u>

On 5 April 2019, The Labor Protection Act (No. 7) B.E. 2562 was announced in the Royal Gazette. This stipulates additional legal severance pay rates for employees who have worked for an uninterrupted period of twenty years or more, with such employees entitled to receive not less than 400 days' compensation at the latest wage rate. This change is considered a post-employment benefits plan amendment and the Group has additional long-term employee benefit liabilities. The Group recorded the effect of such change by recognising past service costs as expenses in the statement of comprehensive income for the current year.

The Group expect to pay Baht 8 million of long-term employee benefits during the next year (Separate financial statements: Baht 6 million) (2018: Baht 48 million, separate financial statements: Baht 45 million).

As at 31 December 2019, the weighted average duration of the liabilities for long-term employee benefit was between 4 - 15 years (Separate financial statements: 4 years) (2018: 4 - 11 years, separate financial statements: 4 years).

Key actuarial assumptions used for the valuation are as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
	(% per annum)	(% per annum)	(% per annum)	(% per annum)
Discount rate	2.5 - 8.3	2.5 - 8.3	2.5	2.5
Future salary increase rate	5.0 - 7.0	5.0 - 7.0	5.0	5.0
Staff turnover rate (depending on age of employee)	0.0 - 15.0	0.0 - 15.0	0.0 - 15.0	0.0 - 15.0

The results of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 December 2019 and 2018 are summarised below:

(Unit: Million Baht)

	31 December 2019			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>Increase 1%</u>	<u>Decrease 1%</u>	<u>Increase 1%</u>	<u>Decrease 1%</u>
Discount rate	(6)	7	(4)	4
Salary increase rate	7	(6)	4	(3)

(Unit: Million Baht)

	31 December 2018			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>Increase 1%</u>	<u>Decrease 1%</u>	<u>Increase 1%</u>	<u>Decrease 1%</u>
Discount rate	(6)	7	(4)	4
Salary increase rate	7	(6)	4	(3)

## 21. Share capital

Below is the summary of the share registration from exercise of ESOP-W4 and ESOP-W5 warrants during the year.

	2019
Number of warrants exercised (warrants)	2,829,000
Number of ordinary shares issued (shares)	2,941,500
Amount of cash received (Baht)	24,755,030
Paid-up capital after share registration (Baht)	1,576,763,070

As at 31 December 2019, the Company received advance subscription from the exercise of and ESOP-W5 warrants as follows:

	ESOP-W5
Number of warrants exercised (warrants)	300,000
Number of ordinary shares issued (shares)	300,000
Amount of cash received (Baht)	2,571,000

The Company registered the capital increase from the exercise of such warrants with the Ministry of Commerce on 10 January 2020. The paid-up capital after share registration is Baht 1,577,063,070 (1,577,063,070 ordinary shares of Baht 1 each).

## 22. Warrants to purchase new ordinary shares of the Company issued to the executive directors and/or employees of the Group ("ESOP")

The expenses recognised for employee services received during 2018 of the Group were totaled Baht 19 million (the Company only: Baht 12 million).

As at 31 December 2019, the fair value of remaining option granted and the inputs of the model used were summarised below.

	ESOP-W5
Fair value of options granted	Baht 9.02 per share
Dividend yield	2.48%
Expected stock volatility*	40.3%
Risk-free interest rate	1.77%
Expected life of share options	3 years
Model used	Black-Scholes

\* The expected volatility of the share options is based on historical data of the Company's stock price.

As at 31 December 2019 and 2018, the remain unexercised of ESOP are summarised below.

	<u>2019</u>	<u>2018</u>
ESOP-W4	-	46,100 units
ESOP-W5	1,298,500 units	3,545,000 units

### 23. Statutory reserve

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside to a statutory reserve at least 5 percent of its net income after deducting accumulated deficit brought forward (if any), until the reserve reaches 10 percent of the registered capital. The statutory reserve is not available for dividend distribution. At present, the statutory reserve has fully been set aside.

### 24. Expenses by nature

Significant expenses by nature are as follows:

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Salary, wages and other employee benefits	1,108	1,090	552	468
Depreciation and maintenance expenses	927	961	221	219
Costs related to production of goods and services (excluding of staff cost, depreciation and maintenance expenses)	32,218	22,437	31,449	22,098

### 25. Income tax

Income tax expenses for the years ended 31 December 2019 and 2018 are made up as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
<b>Current income tax:</b>				
Current income tax charge	(548,663)	(260,131)	(415,146)	(133,683)
Adjustment in respect of income tax of previous year	(548)	(2,744)	898	-
<b>Deferred tax:</b>				
Relating to origination and reversal of temporary differences	40,212	28,420	21,039	16,835
<b>Income tax expense reported in the statement of comprehensive income</b>	<u>(508,999)</u>	<u>(234,455)</u>	<u>(393,209)</u>	<u>(116,848)</u>

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2019 and 2018 are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Deferred tax relating to actuarial loss	197	419	-	2,841
Deferred tax relating to change in fair value of hedging instruments of cash flow hedges	55,243	(15,835)	55,243	(15,835)
	<u>55,440</u>	<u>(15,416)</u>	<u>55,243</u>	<u>(12,994)</u>



Reconciliation between income tax expenses and the product of accounting profit multiplied by the applicable tax rates for the years ended 31 December 2019 and 2018 are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2019	2018	2019	2018
Accounting profit before tax	3,654,734	814,765	2,876,815	921,130
Income tax at Thai corporate income tax rate of 20%	(730,947)	(162,953)	(575,363)	(184,226)
Adjustment in respect of income tax of previous year	(548)	(2,744)	898	-
Utilisation of previously unrecognised tax losses and capital allowance	86,774	2,235	-	-
Unused tax loss which has not recognised as deferred tax assets	(20,725)	(33,727)	-	-
Difference of tax rate in group companies	(16,462)	(12,512)	-	-
Effects of:				
Non-deductible expenses	(81,672)	(52,974)	(609)	(1,816)
Additional expenses deductions allowed	14,061	14,151	10,108	9,841
Exemption of income	86,360	23,345	44,700	62,187
Promotional privileges (Note 26)	14,292	7,254	-	-
Tax privilege for a company that operates as an international trading center	2,392	31,288	2,392	31,288
Temporary difference of tax privilege for a company that operates as an international trading center	90,008	(62,622)	90,008	(62,622)
Tax privilege for a company that operates as an international headquarters	2,182	5,879	2,182	32,171
Tax privilege for a company that operates as an international business center	3,589	-	24,212	-
Tax privileges for maritime commerce (Note 27)	7,982	3,970	-	-
Share of profit from investment in joint ventures and associates	26,558	19,640	-	-
Others	7,157	(14,685)	8,263	(3,671)
Total	172,909	(24,754)	181,256	67,378
Income tax expenses reported in the statement of comprehensive income	(508,999)	(234,455)	(393,209)	(116,848)

The tax rates enacted at the end of the reporting period of the Group is 0% to 25% (2018: 0% to 25%).

The components of deferred tax assets and deferred tax liabilities are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements	financial statement	financial statement	financial statement
	2019	2018	2019	2018
<b>Deferred tax assets</b>				
Allowance for doubtful accounts	38,530	38,278	55,385	60,191
Reduction of cost of inventories to net realisable value	1,457	35,351	1,176	36,968
Fair value of price hedging contracts	155,568	1,158	155,568	1,158
Allowance for asset impairment	51,519	51,519	17,614	17,614
Provision for long-term employee benefits	35,347	30,651	23,836	21,537
Others	31,732	15,613	14,916	4,717
Total	314,153	172,570	268,495	142,185
<b>Deferred tax liabilities</b>				
Fair value of price hedging contracts	(72,419)	(25,168)	(72,419)	(25,168)
Difference depreciation for tax purpose	(25,968)	(23,161)	(22,657)	(20,504)
Fair value of forward exchange contracts	(668)	(47)	(668)	(43)
Fair value adjustment of assets from investments in subsidiaries	(25,786)	(30,139)	-	-
Total	(124,841)	(78,515)	(95,744)	(45,715)
<b>Deferred tax assets - net</b>	189,312	94,055	172,751	96,470

As at 31 December 2019 and 2018, the overseas subsidiaries had deductible temporary differences and unused tax losses on which deferred tax assets have not been recognised as these subsidiaries believed that future taxable profits may not be sufficient to allow utilisation of the temporary differences and unused tax losses, as follows:

	2019	2018
	(Million)	(Million)
US Dollar	5	13
Ringgit	111	98
Renminbi	33	33



## 29. Segment information

The Group is engaged in single operating segment which is manufacturing and trading of asphalt and petroleum oil products. Whereas, the marine logistic business complements the manufacturing and trading of asphalt and petroleum oil products. The Board of Directors of the Group is the chief operating decision makers of the Group. As a result, all of the revenues, operating profits and assets as reflected in these financial statements pertain to the aforementioned reportable operating segment. Therefore, financial information by segment has been presented only by geographical based on locations of each company, as follows:

(Unit: Million Baht)

	Geographic segment located in Thailand		Geographic segment located in overseas		Eliminated transactions		Total	
	2019	2018	2019	2018	2019	2018	2019	2018
	Revenue from external customers	29,044	20,372	7,849	7,260	-	-	36,893
Intersegment revenues	6,437	5,826	1,790	226	(8,227)	(6,052)	-	-
Total revenue	35,481	26,198	9,639	7,486	(8,227)	(6,052)	36,893	27,632
Segment operating profit (loss)	2,540	721	608	(81)	(25)	(76)	3,123	564

Non-current assets (other than deferred tax assets-net)

(Unit: Million Baht)

	Geographic segment located in Thailand		Geographic segment located in overseas		Total	
	2019	2018	2019	2018	2019	2018
	Non-current assets	3,264	3,347	6,646	6,422	9,910

Transfer prices between the segments are as set out in Note 7 to the financial statements.

## 30. Dividend

Dividends	Approved by	Total dividends (Million Baht)	Dividend per share (Baht per share)
Final dividends for 2017	Annual General Meeting of the shareholders on 5 April 2018	1,407.8	0.9
Total for 2018		1,407.8	0.9
Final dividends for 2018	Annual General Meeting of the shareholders on 5 April 2019	472.4	0.3
Interim dividends for 2019	Board of Directors' Meeting on 13 August 2019	630.5	0.4
Total for 2019		1,102.9	0.7

## 31. Commitments and contingent liabilities

### 31.1 Capital commitment

As at 31 December 2019 and 2018, the Group had outstanding capital commitments relating to the purchase of machinery, equipment and computer software, as follows:

Foreign currency	Consolidated financial statements		Separate financial statements	
	2019 (Million)	2018 (Million)	2019 (Million)	2018 (Million)
Baht	55	115	39	109
Ringgit	48	63	-	-
Vietnam Dong	12,251	26,742	-	-

### 31.2 Operating lease commitments

The Group has entered into several agreements in respect of the lease of buildings, warehouses and motor vehicles, and other service agreements. The terms of the agreements are generally between 1 and 5 years.

Future minimum rental and service fees payable under these agreements as at 31 December 2019 and 2018 were as follows:

Payable within:	As at 31 December 2019					As at 31 December 2018				
	Consolidated financial statements			Separate financial statements		Consolidated financial statements			Separate financial statements	
	Baht	US Dollar	Vietnam Dong	Indonesia Rupiah	Baht	Baht	US Dollar	Vietnam Dong	Indonesia Rupiah	Baht
1 year	77	-	3,339	722	69					
2 to 5 years	71	1	7,972	2,667	62					
Over 5 years	-	1	27,606	2,778	-					

(Unit: Million)

### 31.3 Long-term service commitments

The Company has entered into a service agreement with Colas S.A. under which it receives management and marketing services and advice on methods and systems of management and technical assistance in the manufacture of Asphalt Emulsion and Modified Asphalt. Under this agreement, the Company agrees to pay an annual lump sum administrative fee of Euro 145,000 plus a technical assistance fee equivalent to 0.75 percent of the consolidated revenues of the Group generated from the stipulated products. The fees for the year-ended 31 December 2019 and 2018 amounted to approximately Baht 39 million and Baht 38 million, respectively.

### 31.4 Crude oil purchase contract

The Company had a crude supply contract under which the Company will receive approximately 12 million barrels yearly (2018: 12 million barrels yearly).

### 31.5 Bank guarantees

As at 31 December 2019 and 2018, there were outstanding bank guarantees issued by the banks on behalf of the Group in respect of certain performance bonds as required in the normal course of business which are summarised below.

Foreign currency	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	(Million)	(Million)	(Million)	(Million)
Baht	3	3	2	2
Ringgit	9	9	-	-
US Dollar	12	-	12	-

### 31.6 Tax assessment

An oversea subsidiary, of which investment cost is Baht 3 million, has been assessed by the authority on corporate income tax, withholding tax and value added tax by approximately USD 18 million (equivalent to Baht 593 million), covering the years 2008 - 2012 and 2014. The management has appointed an independence tax advisor to appeal the assessments and the independence tax advisor is of an opinion that the case is defensible. The Group's management believes that there will not be any significant loss resulting from the assessment in excess of the investment cost.

### 32. Fair value of financial instruments

The assets and liabilities of the Group that were measured at fair value are derivatives. The level in determining the fair value of such assets and liabilities is level 2.

As at 31 December 2019 and 2018, the fair value of such assets and liabilities are presented below.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
<b>Financial assets measured at fair value</b>				
Forward exchange contracts	3,338	1,238	3,338	1,238
Price hedging contracts	165,058	660,803	165,058	660,803
<b>Financial liabilities measured at fair value</b>				
Forward exchange contracts	7,756	11,435	2,361	1,550
Price hedging contracts	580,800	152,721	580,800	152,721

### 33. Financial instruments

#### 33.1 Financial risk management

The Group's financial instruments, as defined under Thai Accounting Standard No. 107 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, trade and other receivables, trade and other payables, liabilities under finance lease agreements and loans. The financial risks associated with these financial instruments and how they are managed are described below.

#### Credit risk

The Group is exposed to credit risk primarily with respect to trade and other receivables and loans from related party. The Group manages the risk by adopting appropriate credit control policies and procedures and therefore does not expect to incur material financial losses. In addition, the Group does not have high concentrations of credit risk since it has a large customer base. The maximum exposure to credit risk is limited to the carrying amounts of receivables and loans, as stated in statements of financial position.

#### Interest rate risk

The Group is exposed to interest rate risk relates primarily to its cash at banks, short-term loan to related party, long-term loans to related parties, bank overdrafts and short-term loans from financial institutions, short-term loan from related party, long-term loans from financial institutions, and long-term loan from related party. However, since most of the Group's financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate, the interest rate risk is expected to be minimal.

Significant financial assets and liabilities classified by type of interest rate are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.

	(Unit: Million Baht)				
	Consolidated financial statements				
	As at 31 December 2019				
	Fixed interest rates	Floating	Non- Interest	Total	Interest rate
Within 1 year	interest rate	bearing		(% p.a.)	
<b>Financial assets</b>					
Cash and cash equivalents	560	927	512	1,999	0.1 - 5.8
Trade and other receivables	-	-	5,234	5,234	-
<b>Financial liabilities</b>					
Bank overdrafts and short-term loans from financial institutions	3,742	271	-	4,013	Note 16
Trade and other payables	-	-	6,316	6,316	-
Long-term loans from financial institutions	-	74	-	74	Note 18
Long-term loan from related party	-	-	6	6	-

(Unit: Million Baht)

Consolidated financial statements					
As at 31 December 2018					
Fixed interest rates	Floating interest rate	Non- Interest bearing	Total	Interest rate (% p.a.)	
					Within 1 year
<b>Financial assets</b>					
Cash and cash equivalents	621	137	346	1,104	0.1 - 5.8
Trade and other receivables	-	-	5,042	5,042	-
<b>Financial liabilities</b>					
Bank overdrafts and short-term loans from financial institutions					
	6,589	347	-	6,936	Note 16
Trade and other payables	-	-	4,015	4,015	-
Long-term loans from financial institutions	99	113	-	212	Note 18
Long-term loan from related party	-	-	7	7	-

(Unit: Million Baht)

Separate financial statements					
As at 31 December 2019					
Fixed interest rates	Floating interest rate	Non- Interest bearing	Total	Interest rate (% p.a.)	
					Within 1 year
<b>Financial assets</b>					
Cash and cash equivalents	-	728	250	978	0.1 - 2.3
Trade and other receivables	-	-	4,920	4,920	-
Short-term loan to related party	13	-	-	13	1.0
Long-term loans to related parties	474	1,005	-	1,479	1.0 - 2.5 and LIBOR plus 1.5
<b>Financial liabilities</b>					
Bank overdrafts and short-term loans from financial institutions					
	3,716	-	-	3,716	Note 16
Trade and other payables	-	-	7,088	7,088	-
Short-term loan from related party	160	-	-	160	1.0

(Unit: Million Baht)

Separate financial statements					
As at 31 December 2018					
Fixed interest rates	Floating interest rate	Non- Interest bearing	Total	Interest rate (% p.a.)	
					Within 1 year
<b>Financial assets</b>					
Cash and cash equivalents	-	65	205	270	0.1 - 0.6
Trade and other receivables	-	-	4,467	4,467	-
Long-term loans to related parties	-	1,249	-	1,249	LIBOR plus 1.5
<b>Financial liabilities</b>					
Bank overdrafts and short-term loans from financial institutions					
	6,450	-	-	6,450	Note 16
Trade and other payables	-	-	4,545	4,545	-
Short-term loans from related parties	25	-	-	25	1.0

### Foreign currency risk

The Group is exposed to foreign currency risk arises mainly from trading transactions and borrowings that are denominated in foreign currencies. The Group seeks to reduce risk by entering into forward exchange contracts when it considers appropriate. Generally, the forward contracts mature within one year.

The balances of financial assets and liabilities of the Group denominated in foreign currencies are summarised below.

Foreign currency	Consolidated financial statements				Average exchange rate	
	Financial assets		Financial liabilities		as at 31 December	
	as at 31 December 2019	as at 31 December 2018	as at 31 December 2019	as at 31 December 2018	2019	2018
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
US Dollar	76	37	163	148	30.2	32.4
Euro	-	-	1	2	33.7	37.1
Yen	-	-	7	1	0.3	0.3
Ringgit	8	-	23	-	7.3	7.8
Myanmar Kyat	-	-	-	2	0.0203	0.0209

Foreign currency	Separate financial statements					
	Financial assets		Financial liabilities		Average exchange rate	
	as at 31 December		as at 31 December		as at 31 December	
	2019	2018	2019	2018	2019	2018
(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)		
US Dollar	151	112	185	164	30.2	32.4
Euro	-	-	1	2	33.7	37.1
Renminbi	50	52	-	-	4.3	4.7
Ringgit	-	-	5	3	7.3	7.8
Indonesia Rupiah	-	-	26	76	0.0022	0.0022
Myanmar Kyat	-	-	-	2	0.0203	0.0209

The Group outstanding foreign exchange contracts which maturity date within one year are summarised below.

Foreign currency	As at 31 December 2019					
	Consolidated		Separate		Contractual exchange rate	
	financial statements		financial statements			
	Sold	Bought	Sold	Bought	Sold	Bought
amount	amount	amount	amount			
(Million)	(Million)	(Million)	(Million)	(Per 1 foreign currency unit)		
US Dollar	90	11	90	10	30.0 - 30.3 Baht	30.1 - 30.4 Baht
US Dollar	-	12	-	-	-	23,200 - 23,230 Vietnam Dong
US Dollar	-	9	-	-	-	14,012 - 14,226 Indonesia Rupiah
US Dollar	-	4	-	-	-	4.1 - 4.2 Ringgit

Foreign currency	As at 31 December 2018					
	Consolidated		Separate		Contractual exchange rate	
	financial statements		financial statements			
	Sold	Bought	Sold	Bought	Sold	Bought
amount	amount	amount	amount			
(Million)	(Million)	(Million)	(Million)	(Per 1 foreign currency unit)		
US Dollar	6	8	6	7	32.4 - 32.7 Baht	32.6 - 33.0 Baht
US Dollar	-	5	-	-	-	23,245 - 23,348 Vietnam Dong
US Dollar	-	11	-	-	-	14,458 - 15,391 Indonesia Rupiah
Euro	-	12	-	12	-	1.1 US Dollar

In addition, the Group exposed to foreign exchange risk on their investments in overseas subsidiaries, joint ventures and associates, loans to overseas subsidiaries and loans from financial institution. These investments and loans are currently not hedged by derivative financial instruments.

#### **Risk from fluctuation in raw materials and finished goods prices**

The Group is exposed to risk from fluctuations in the price of raw materials and finished goods. To manage these risks, the Group has entered into forward/future contracts to purchase/sell of raw materials and finished goods, and option contracts to purchase/sell of raw materials and finished goods to hedge the risk from fluctuation in such prices.

As at 31 December 2019 and 2018, the Group had outstanding price hedging contracts which maturity date within one year are presented in the statements of financial position at fair value and were summarised below.

Contract type	Type of product	(Unit: Million Baht)	
		Consolidated/ Separate	
		2019	2018
<b>Contracts presented as assets</b>			
Sold forward contract	Crude oil	-	27
Sold forward contract	Petroleum product	-	634
Bought forward contract	Crude oil	16	-
Bought forward contract	Petroleum product	149	-
Total price hedging contracts presented as assets		<u>165</u>	<u>661</u>

#### **Contracts presented as liabilities**

Sold forward contract	Crude oil	253	9
Sold forward contract	Petroleum product	321	22
Bought forward contract	Crude oil	6	-
Bought forward contract	Petroleum product	1	-
Four-way collar option	Crude oil	-	122
Total price hedging contracts presented as liabilities		<u>581</u>	<u>153</u>

Regarding hedge accounting for cash flow hedges of forecasted sales, the Group recognised gain and loss arising from changes in fair value of the forward contract other comprehensive income as follows:

	(Unit: Million Baht)	
	Consolidated/Separate financial statements	
	<u>2019</u>	<u>2018</u>
Gain (loss) arising from changes in fair value of forward contract in other comprehensive income	(613)	416

### 33.2 Fair value of financial instruments

Since the majority of the Group's financial instruments are short-term in nature or bear floating interest rates, their fair value is not expected to be materially different from the amounts presented in statement of financial position. For derivatives, fair value is generally derived from quoted market prices, or based on generally accepted pricing models when no market price is available.

A fair value is the amount for which an asset can be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction. The fair value is determined by reference to the market price of the financial instrument or by using an appropriate valuation technique, depending on the nature of the instrument.

### 34. Capital management

The primary objective of the capital management of the Group is to ensure that they have an appropriate financial structure and preserve the ability to continue their business as a going concern.

The Group manages its capital position with reference to financial ratio. As at 31 December 2019 and 2018, these financial ratios were as follow:

Financial Ratio	Consolidated financial statements		Separate financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Interest Bearing Short-term Debt-to-Equity Ratio	0.298 : 1	0.564 : 1	0.336 : 1	0.605 : 1
Interest Bearing Long-term Debt-to-Equity Ratio	0.003 : 1	0.006 : 1	-	-

### 35. Damages from a fire at a subsidiary

On 5 July 2018, a fire broke out at a subsidiary's crude oil tanks in Malaysia, resulting in the carrying value of damaged assets totaling USD 8.8 million, or equivalent to Baht 289.9 million, and related expenses totaling USD 2.1 million, or equivalent to Baht 68.2 million, which were recorded in the statement of comprehensive income for the year ended 31 December 2018.

During the current year, the subsidiary had incurred additional operating expenses for crude storage, logistic handling and other related expenses of USD 12.6 million or Baht 387 million. Some of these expenses will be recurring until the damaged crude oil tanks are back in service. However, the subsidiary received payment pursuant to its insurance claim of MYR 80 million or approximately Baht 593 million. The subsidiary presented a net amount of such transactions under the caption "Damages and expenses from a fire - net of insurance claim" in the statement of comprehensive income for the year.

The management of the Group believed that there would be no substantial loss resulting from the incident because of insurance coverage for the assets and business interruption. Currently, the management of the Group is in the process of negotiating insurance claim to the insurance company.

### 36. Approval of financial statements

These financial statements were authorised for issue by the Company's authorised directors on 11 February 2020.



The background features a top and bottom section of asphalt texture. The middle section is a dark green textured area with a large, semi-transparent white arrow pointing from the top right towards the bottom left. The text 'COMPANY INFORMATION' is overlaid on the green area.

# COMPANY INFORMATION

## COMPANY INFORMATION

### HEAD OFFICE

Address	Tipco Tower, 118/1 Rama 6 Road, Phayathai District, Bangkok 10400, Thailand.
Tel.	+66 2273 6000
Fax.	+66 2271 3363
Email	info@tipcoasphalt.com
Website:	www.tipcoasphalt.com

### PRODUCTION FACILITIES

Domestic production facilities of the Tipco Asphalt Group are as follows:

#### NAKHON RATCHASIMA

Address	259 Moo 8 Soi Ror Por Chor 12032, Mittapap Road, Naklang, Soongnoen, Nakhon Ratchasima 30380, Thailand.
Tel.	+66 4433 5495-9, +66 2273 6000 Ext. 3
Fax.	+66 4433 5499, +66 4433 5050

#### PHITSANULOK

Address:	271 Moo 15 Phitsanulok-Bangrakam Road, Baan Wang Kum, Bangrakam, Bangrakam district, Phitsanulok 65140, Thailand.
Tel.	+66 5537 1581-3, +66 5537 1461-2
Fax.	+66 5537 1461-2 Ext. 6360

#### PHRAPRADAENG

Address:	61 Moo 5, Suksawat Road, Bangjak, Phrapradaeng, Samut Prakan 10130, Thailand.
Tel.	+66 2463 0169-70, +66 2817 5111-14
Fax.	+66 2817 5117

#### SURATTHANI

(subsidiary)	
Address:	123 Moo 3, Suratthani-Kanchanadit Road, Bangkung, Muang District, Suratthani 84000, Thailand.
Tel.	+66 7795 3030
Fax.	+66 7792 2575

#### RAYONG

(subsidiary)	
Address	93 Moo 5 Makumkoo, Nikompattana District, Rayong 21180, Thailand.
Tel.	+66 3889 3641-5
Fax.	+66 3889 3640

### ASPHALT TERMINALS

The Company operates domestic asphalt terminals and depots at the following locations:

#### PHRAPRADAENG

Address:	61 Moo 5, Suksawat Road, Bangjak, Phrapradaeng, Samut Prakan 10130, Thailand.
Tel.	+66 2463 0169-70, +66 2817 5111-14
Fax.	+66 2817 5117

#### SURATTHANI

(subsidiary)	
Address	123 Moo 3, Suratthani - Kanchanadit Road, Bangkung, Muang District, Suratthani 84000, Thailand.
Tel.	+66 7795 3030
Fax.	+66 7792 2575

### SUBSIDIARIES COMPANIES

#### SUBSIDIARIES IN THAILAND

##### THAI BITUMEN CO., LTD.

Nature of business	Producer and distributor of asphalt product
Address	123 Moo 3, Suratthani - Kanchanadit Road, Bangkung, Muang District, Suratthani 84000, Thailand.
Tel.	+66 7795 3030
Fax.	+66 7792 2575
Ordinary shares	3,750,000
Registered capital	Baht 375 million
Percentage holding	99.99%

#### RAYCOL ASPHALT CO., LTD.

Nature of business	Producer and distributor of asphalt products
Address	93 Moo 5 Makumkoo, Nikompattana District, Rayong 21180, Thailand.
Tel.	+66 3889 3641-5
Fax.	+66 3889 3640
Ordinary shares	11,100,000
Registered capital	Baht 111 million
Percentage holding	99.99%

#### BITUMEN MARINE CO., LTD.

Nature of business	Marine transportation
Address	118/1 Rama 6 Road, Phayathai District, Bangkok 10400, Thailand.
Tel.	+66 2273 6000
Fax.	+66 2271 3370
Ordinary shares	1,500,000
Registered capital	Baht 150 million
Percentage holding	99.99%

#### DELTA SHIPPING CO., LTD.

Nature of business	Marine transportation
Address	118/1 Rama 6 Road, Phayathai District, Bangkok 10400, Thailand.
Tel.	+66 2273 6000
Fax.	+66 2271 3370
Ordinary shares	800,000
Registered capital	Baht 80 million
Percentage holding	99.99%

#### ALPHA MARITIME CO., LTD.

Nature of business	Marine transportation
Address	118/1 Rama 6 Road, Phayathai District, Bangkok 10400, Thailand.
Tel.	+66 2273 6000
Fax.	+66 2271 3370
Ordinary shares	1,430,000
Registered capital	Baht 143 million
Percentage holding	99.99 %

#### TIPCO MARITIME CO., LTD.

Nature of business	Ship management and agency
Address	118/1 Rama 6 Road, Phayathai District, Bangkok 10400, Thailand.
Tel.	+66 2273 6000
Fax.	+66 2271 3370
Ordinary shares	20,000
Registered capital	Baht 2 million
Percentage holding	99.99 %

#### TASCO SHIPPING CO., LTD.

Nature of business	Marine transportation
Address	118/1 Rama 6 Road, Phayathai District, Bangkok 10400, Thailand.
Tel.	+66 2273 6000
Fax.	+66 2271 3370
Ordinary shares	2,900,000
Registered capital	Baht 290 million
Percentage holding	99.99 %

#### FOREIGN SUBSIDIARIES

##### KEMAMAN BITUMEN COMPANY SDN. BHD.

Nature of business	Producer, refiner, supplier and distributor of asphalt and oil products in Malaysia
Address	Unit No. 50-8-1, 8 <sup>th</sup> Floor, Wisma UOA Damansara, 50, Jalan Dungun, Damansara Heights, 50490, Kuala Lumpur, Wilayah Persekutuan, Malaysia.
Tel.	+603 5561 8500
Fax.	+603 5561 8539
Email:	info@kbc.com.my
Website:	www.kbc.com.my
Refinery address	Plot PT 7195, Telok Kalong Industrial Area, 24000 Kemaman, Terengganu, Malaysia
Ordinary shares	316,111,823 (263,311,823 Class A of RM1.00 each & 52,800,000 Class B of RM0.80 each)
Registered capital	Ringgit Malaysia 500 million
Paid up capital	Ringgit Malaysia 305.5 million
Percentage holding	100%

#### KEMAMAN OIL CORPORATION SDN. BHD.

Nature of business	Investment holding company, manufacturer of asphalt-related products and distributor of asphalt and oil products in Malaysia
Address	Unit No. 50-8-1, 8 <sup>th</sup> Floor, Wisma UOA Damansara, 50, Jalan Dungun, Damansara Heights, 50490, Kuala Lumpur, Wilayah Persekutuan, Malaysia.
Tel.	+603 5561 8500
Fax.	+603 5561 8539
Ordinary shares	151,964,513
Registered capital	Ringgit Malaysia 255.7 million
Paid up capital	Ringgit Malaysia 151.9 million
Percentage holding	100%

#### HIGHWAY RESOURCES TRADING PTE LTD.

Nature of Business	Trading of Crude Oil, Petroleum and related products
Address	9 Straits View #12-07/12 Marina One West Tower, Singapore 018937
Tel.	+65 6249 5941
Fax.	+65 6438 4184
Ordinary shares	48,800
Registered capital	USD 48,800
Total capital issued	USD 48,800
Percentage holding	100% held by Highway Resources Pte. Ltd.

#### TASCO INTERNATIONAL (HONG KONG) LTD.

Nature of business	Holding company for investments in China
Address	Room 1103-12, 11 <sup>th</sup> Floor, Nan Fung Tower, 88 Connaught Road Central, Hong Kong.
Registered capital	Hong Kong Dollars 97.966 million
Percentage holding	100 %

#### ZHENJIANG TIPCO ASPHALT CO., LTD.

Nature of Business	Producer and distributor of asphalt products
Address	10 Dongfang Dagang, Zhenjiang, Jiangsu, China
Registered capital	RMB 20 million
Percentage holding	51% held by TASCO International (Hong Kong) Ltd.

#### LANGFANG TONGTAI ROAD MATERIAL CO., LTD.

Nature of Business	Producer and distributor of asphalt products
Address	No.56, Quanxing Road, Langfang Economic Technology development Zone, Hebei Province, P.R.China 065001
Registered capital	USD 2.1 million
Percentage holding	51% held by TASCO International (Hong Kong) Ltd.

#### TIPCO ASPHALT (XINHUI) CO., LTD.

Nature of Business	Producer and distributor of asphalt products
Address	23-11, Central Zone, Jinguzhou Economic Development Experimental Zone, Xinhui, Guangdong, P.R.China 529100
Registered capital	RMB 30 million
Percentage holding	100% held by TASCO International (Hong Kong) Ltd.

#### GUANGZHOU TIPCO ASPHALT TRADING CO., LTD.

Nature of business	Principally engaged in the trading asphalt products and asphalt future trading in Shanghai Bitumen Exchange
Address:	Room 1003, 1004, No. 334 Huanshi East Road, Yuexiu District, Guangzhou 510006 China
Registered capital	RMB 6,000,000
Percentage holding	100% held by TASCO International (Hong Kong) Ltd.

#### TIPCO ASPHALT (CAMBODIA) CO., LTD.

Nature of business	Importer, storer, manufacturer, distributor of asphalt-related products
Address	No.51, St. 350, Sangkat Boeung Keng Kang III, Khan Chamkamon, Phnom Penh, Cambodia
Tel.	+855 2399 7991
Fax.	+855 2399 7992
Email:	info@tipcoasphalt.com.kh
Registered capital	20 Million Riel
Percentage holding	100 %

#### TIPCO ASPHALT LAO CO., LTD.

Nature of business	Producer and distributor of asphalt products
Address	No.404, Unit 30, Ban Phonephanao, Saysettha district, Vientiane capital, P.O.Box 3039, Lao PDR
Tel.	+856 21 262873
Fax.	+856 21 452698
Ordinary shares	2,500,000
Registered capital	LAK 26,675,000,000
Percentage holding	75%

#### PT ASPHALT BANGUN SARANA

Nature of business	Importer, storer, manufacturer, distributor of asphalt and asphalt-related products
Address	Head Office Gedung Graha Pratama, 19 <sup>th</sup> Floor, Jl. MT. Haryono Kav. 15, Jakarta 12810, Indonesia
Tel.	+62 2 1837 09516
Fax.	+62 2 1837 09517
Email:	absjakarta@pt-abs.co.id
Website:	www.pt-abs.co.id
Registered capital	IDR 58,450,080,000
Percentage holding	99.99%

#### PT SARANARAYA REKA CIPTA

Nature of business	Importer, manufacturer, distributor of asphalt and asphalt-related products
Address	Head Office Gedung Graha Pratama, 19 <sup>th</sup> Floor, Jl. MT. Haryono Kav. 15, Jakarta 12810, Indonesia
Tel.	+62 2 1837 09516
Fax.	+62 2 1837 09517
Registered capital	IDR 10,476,600,000
Percentage holding	99.91% held by PT Asphalt Bangun Sarana

#### HIGHWAY RESOURCE PTE. LTD.

Nature of business	Holding Company for investments in Singapore and Vietnam
Address	9 Straits View #12-07/12 Marina One West Tower, Singapore 018937
Tel.	+65 62495941
Fax.	+65 62350637
Registered capital	SGD 4,780,000
Percentage holding	100 %

#### ASPHALT DISTRIBUTION CO., LTD.

Nature of business	Importer, manufacturer, distributor of asphalt and asphalt-related products
Address	12 <sup>th</sup> floor, Center building, No. 1 Nguyen Huy Tuong, Thanh Xuan Trung ward, Thanh Xuan district, Hanoi city
Tel.	+84 243 934 1048
Fax.	+84 243 934 9811
Registered capital	VND 135,361,887,000
Percentage holding	100 % held by Highway Resource Pte. Ltd.

#### AD SHIPPING PTE. LTD.

Nature of business	Ship owner and chartering services
Address	9 Straits View #12-07/12 Marina One West Tower, Singapore 018937
Tel.	+65 62495941
Fax.	+65 62350637
Registered capital	SGD 7,125,000
Percentage holding	100%

#### RETA LINK PTE. LTD.

Nature of business	Ship Owner, Shipping agent, Forwarding services
Address	No. 9 Straits View, Marina One West Tower #12-07/12, Singapore 018937
Tel.	+65 62495941
Fax.	+65 62350637
Registered capital	SGD 50,000
Percentage holding	100%

#### PACIFIC BITUMEN SHIPPING PTE. LTD.

Nature of business	To own & operate ship and conduct related shipping activities,
Address	No. 9 Straits View, Marina One West Tower #12-07/12, Singapore 018937
Registered capital	USD 39,500
Percentage holding	100%

### KBC TRADING SDN. BHD.

Nature of Business	Supplier and distributor of Petroleum and oil products
Address	A-06-3A, Empire Tower, Empire Subang, Jalan SS16/1, SS16, 47500 Subang Jaya, Selangor, Malaysia
Tel.	+603 5635 0998
Fax.	+603 5635 0993
Ordinary shares	300,000
Registered capital	Ringgit Malaysia 300,000
Percentage holding	20% held by Kemaman Oil Corporation Sdn. Bhd. and 10% held by Tipco Asphalt Public Company Limited

### JOINT VENTURE COMPANIES

#### ASIA BITUMEN TRADING PTE. LTD.

Nature of Business	Trader of asphalt products
Address	9 Straits View, #12-07/12, Marina One West Tower, Singapore 018937
Tel	+65 6249 5930
Fax	+65 6235 0637
Email	info@asiabitumen.com.sg
Website	www.asiabitumen.com.sg
Ordinary shares	10,000
Registered capital	SGD 10,000
Percentage holding	50% held by TASC0 International (Hong Kong) Ltd.

#### BORNEO ASPHALT SDN. BHD.

Nature of business	Manufacturer and distributor of asphalt and asphalt-related products in East Malaysia
Address	Lot 7689-7690, Section 64, KTLD Jalan Pending, 93450 Kuching, Sarawak, Malaysia
Tel.	082482927
Fax.	082483922
Email:	rojini@senarisynegygp.com
Ordinary shares	6,000,000
Registered capital	Ringgit Malaysia 6,000,000
Paid up capital	Ringgit Malaysia 6,000,000
Percentage holding	50 % by Kemaman Bitumen Company Sdn. Bhd.

### PHOENIX ASPHALT PHILIPPINES, INC.

Nature of business	Importer and manufacturer of asphalt and asphalt-related products
Address	25 <sup>th</sup> Floor, Fort Legend Towers 3 <sup>rd</sup> Avenue Corner 31 <sup>st</sup> Street, Fort Bonifacio Global City, Taguig City, Metro Manila Philippines
Tel.	+632 403 4013
Fax.	+632 403 4021
Registered capital	PHP 275,000,000
Percentage holding	40 %

### ASSOCIATED COMPANIES

#### COLASIE CO., LTD.

Nature of business	Holding company for investment in Asphalt Emulsion and Polymer Modified Asphalt plants in India
Address	7, Place Rene Clair F-92653 Boulogne - Billancourt France Cedex
Registered capital	Euro 1 million
Percentage holding	40%

#### THAI SLURRY SEAL CO., LTD.

Nature of business	Road construction and maintenance service
Address	118/1 Rama 6 Road, Phayathai District, Bangkok 10400, Thailand
Tel.	+66 3527 2609
Ordinary share	4,973,334
Registered capital	Baht 497,333,400
Percentage holding	25.00%

#### THANOMWONGSE SERVICE CO., LTD.

Nature of business	Road construction and maintenance service
Address	118/1 Rama 6 Road, Phayathai District, Bangkok 10400, Thailand
Tel.	+66 2273 6000
Fax.	+66 2271 1771
Website:	www.tipco.co.th
Ordinary shares	2,500,000
Registered capital	Baht 2,500 million
Percentage holding	99.99% held by Thai Slurry Seal Co., Ltd.

### PT SARANA DISTRIBUSI ASPAL NUSANTARA

Nature of business	Barge Rental Services
Address	Head Office Gedung Graha Pratama, 19 <sup>th</sup> Floor, Jl. Mt. Haryono Kav. 15, Jakarta 12810, Indonesia
Tel.	+62 2 1837 09516
Fax.	+62 2 1837 09517
Registered capital	IDR 1,000,000,000
Percentage holding	51% held by PT Mitra Nusantara Investama, 49% held by PT Asphalt Bangun Sarana

### OTHER IMPORTANT INFORMATION

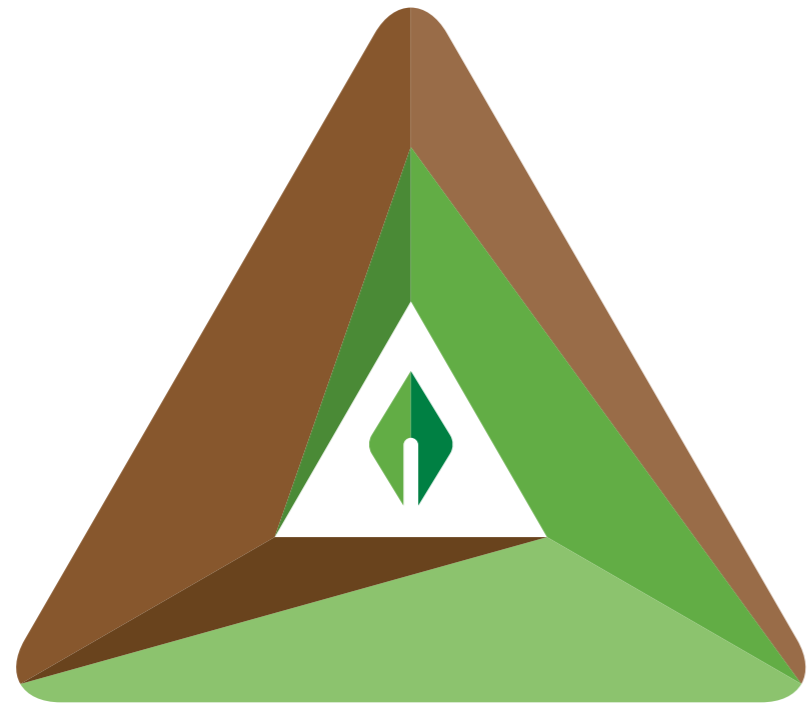
#### Stock

Stock Code	TASCO (Listed on the Stock Exchange of Thailand - SET)
Registration No	0107535000044
Ordinary Shares	1,576,763,070
Registered Capital	1,579,883,570 Baht
Paid Up Capital	1,576,763,070 Baht
Website	<a href="http://www.tipcoasphalt.com">www.tipcoasphalt.com</a>
Registrar of Shares	Thailand Securities Depository Co., Ltd. The Stock Exchange of Thailand Building 93 Ratchadaphisek Road, Dindaeng, Bangkok 10400, Tel. +66 2009 9388 Fax. +66 2009 9476

#### Audit Firm

Auditor	EY Office Limited, Thailand Ms. Krongkaew Limkittikul Certified Public Accountant Registration No. 5874 and/or Mr. Natthawut Santipet, Certified Public Accountant Registration No. 5730 and/or Ms. Siraporn Ouaanunkun Certified Public Accountant Registration No. 3844
Address	33 <sup>rd</sup> Floor, Lake Rajada Office Complex 193/136-137 Rajadapisek Road Klongtoey, Bangkok 10110
Tel.	+66 2264 0777, +66 2661 9190
Fax.	+66 2264 0789-90, +66 2661 9192

(form 56-1) displaying at [www.sec.or.th](http://www.sec.or.th) or the Company's website: [www.tipcoasphalt.com](http://www.tipcoasphalt.com)



**TIPCO**  
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**Tipco Asphalt Public Company Limited**

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