



บริษัท สยามแก๊ส แอนด์ ปิโตรเคมีคัลส์ จำกัด (มหาชน)  
Siamgas and Petrochemicals Public Company Limited



Success  
Sustainable  
**Future**



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# Vision >

## To be a Leading Energy Provider in Asia

To prepare for business expansion, market growth and future gas price floating. To urge on business advantages by improving the company's potential in the upstream business and to cover the local and international markets, especially countries in East Asia, and even in higher level of the product supply chain with the company's product and service network

To come up with plans aimed at increasing facilities, storage terminals, filling plants, service stations, transporting vessels and transporting trucks

To continuously develop human resource for higher operation capability, effectiveness and security

To place importance on policies regarding product security, service and practices within organization

To focus on well living standard of people by providing premium product and service, especially security and convenience aspects in budget and fair price

To emphasize on environment preservation, ethical business conduct, responsibility towards society, shareholders and other related parties

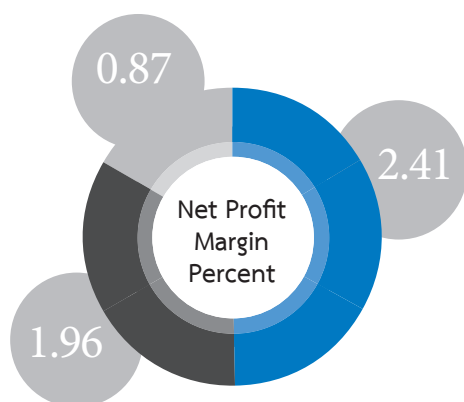
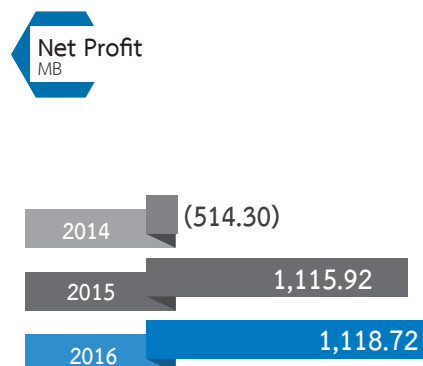
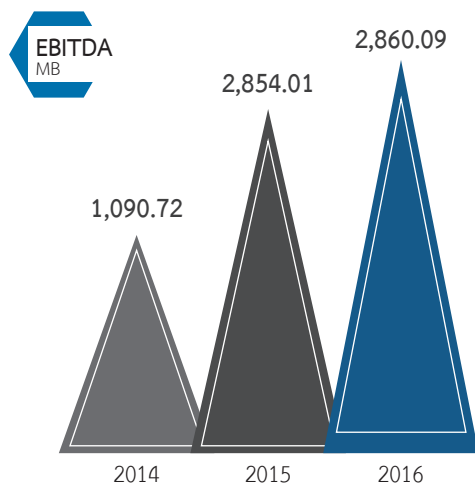
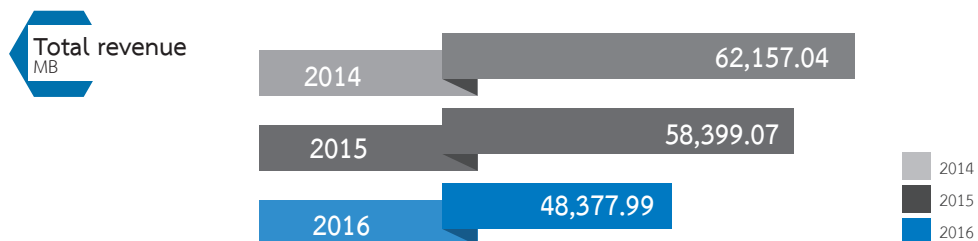
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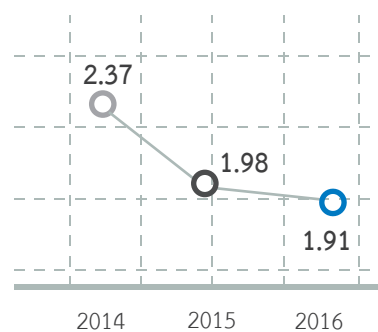
# Financial Conclusion

		2014	2015	2016
FINANCIAL DATA				
Asset	Million Baht	28,243.29	29,098.45	28,556.85
Liabilities	Million Baht	19,874.22	19,323.69	18,756.99
Equity	Million Baht	8,369.06	9,774.76	9,799.86
Paid-up share capital	Million Baht	918.93	918.93	918.93
Revenue from sales	Million Baht	61,177.30	57,581.63	47,693.79
Total revenue	Million Baht	62,157.04	58,339.07	48,377.99
Gross Profit	Million Baht	834.37	3,036.56	2,890.93
EBITDA	Million Baht	1,090.72	2,854.01	2,860.09
Net Profit / (loss)	Million Baht	(514.30)	1,115.92	1,118.72
EPS (Earning per share)	Baht	(0.56)	1.21	1.22
FINANCIAL RATIO				
Net profit margin	Percent	(0.87)	1.96	2.41
Return on equity (R.O.E.)	Percent	(6.42)	11.69	11.89
Return on asset (R.O.A.)	Percent	(1.90)	3.93	4.08
Debt to equity ratio	Times	2.37	1.98	1.91
Interest bearing debt ratio	Times	1.39	1.07	0.97
Current ratio	Times	0.84	0.97	1.16
STOCK DATA				
Shareprice as of 31 december	Baht/share	9.50	10.40	12.20
Market capitalization	Million Baht	8,729.84	9,556.87	11,210.96
Book value	Baht/share	8.99	10.51	10.53
Dividend paid	Baht/share	0.35	0.50	0.50





Debt to equity ratio Times





## Message from the Chairman

Concerning the global markets even though LPG prices went down in the first quarter due to decrease in oil price, LPG price recovered in the fourth quarter after the OPEC reached decision to reduce production. This led to decrease in narrower gap than in 2015. Moreover, the Company has progressively penetrated the Chinese markets which made sales volume of LPG grew considerably at target, despite the slowdown in Chinese economy. Additional, the Company kept the sale volume of the subsidiaries at target.



Thai economy in 2016 expanded approximately by 3.2%, when compared with the previous year which was 2.8%, due to favorable results from acceleration of public expenditures which resulted in higher consumer consumption. Other positive factor was the gradual recovery in export sector while tourist market was effect by government crackdown on illegal tourism company.

With regards to domestic energy situation, on January 2015, the Committee on Energy Policy Administration (CEPA) resolved to approve a new formula for calculating retail prices of LPG to reflect actual costs, by applying weighted average cost of production and procurement backdated for 3 months from 3 major sources (i.e. gas separation plant, oil refinery & aromatic plant and imported LPG). Consequently, domestic retail prices of LPG in 2015 were remained at 20.29 baht per kilogram pursuant to prices of imported LPG.

Global economic conditions in 2016 still have been impacted from a slowdown in Chinese economy which is a second largest economy in the world, and United Kingdom exit from European Union. The exit caused uncertainty in European cooperation. With regard to global energy situations, global oil prices still dropped continually as a result from the decision made by the OPEC to increase oil production at current high level. Additionally, as sanction against Iran has been lifted, so now Iran can return to global oil markets and this return could cause oil prices in 2016 to go further down. However, in the fourth quarter, the OPEC has reached decision to decreased production which lifted up the oil price.

With regard to business conditions of the Company in 2016, sales volume of the Company had decreased in proportion close to overall markets due to decrease in demand for LPG in transportation sector. The reason was mainly from a decrease in gasoline price which led some drivers to switch back to gasoline. However, the Company tried to increase sale volume in household sector and industrial sector to compensate the transportation section volume.

Concerning the global markets even though LPG prices went down in the first quarter due to decrease in oil price, LPG price recovered in the fourth quarter after the OPEC reached decision to reduce production. This led to decrease

in narrower gap than in 2015. Moreover, the Company has progressively penetrated the Chinese markets which made sales volume of LPG grew considerably at target, despite the slowdown in Chinese economy. Additional, the Company kept the sale volume of the subsidiaries at target.

Due to improvement of sales volume plus efficiently management, total revenues in 2016 of the company and its subsidiaries were 48,377.99 million baht, decreasing from 58,339.07 million baht, or 17.07 percent from 2015. Net profit from the parent company was 1,118.72 million baht, increasing 0.25 percent from 2015 which was recorded loss at 1,115.92 million baht. Thus, the Board of Directors proposed to the shareholders' meeting to consider on dividend payout at 0.35 Baht per share. When combining with interim dividend payout already paid at 0.15 Baht per share, total amount of dividend payout was 0.50 baht per share.

For prediction of 2017, the Company expected that LPG prices in the world markets will gradually increase and domestic LPG sales volume will continual rise further from 2015. Therefore, it is anticipated that the group can generate operating profit from both domestic and overseas businesses and can achieve the target sets to respond to expectation of all shareholders and stakeholders.

On behalf of the Board of Directors, we would like to express our sincere gratitude to all shareholders, investors, partners, customers, employees, and other parties including the financial institutions in Thailand and overseas who have been providing valuable supports and contribution to the company's success at all time. Please rest assured that we shall operate business prudently, carefully and under code of ethics and corporate governance for sustainable development to maximize profits for all related parties with aims to become the prosperous organization that grow together with Thailand and Asia, pursuant our vision statement.



Mr. Worawit Weeraborwornpong  
Chairman

# Audit Committee Report

The Audit Committee of Siamgas and Petrochemicals Public Company Limited appointed by the Board of Directors, comprises of three independent directors who possess completed qualifications set forth by the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET). The Company's Audit Committee consists of :

- 
1. **Mr. Viroj Klangboonkrong**  
Chairman of the Audit Committee
  2. **Mr. Harn chiocharn**  
Audit Committee Member
  3. **Mrs. Sudjit Divari**  
Audit Committee Member
- 

During the year 2016, the Audit Committee held seventeen meetings and all of its members attended the meetings together with the Internal Audit Office and the Management. They also attended meetings with the External Auditors to review the auditor's plans and audit scope, including to acknowledge results of the audit works. In addition, the Audit Committee had a meeting without the presence of the Management to discuss and be informed about independent opinion of the External Auditors.

The Audit Committee independently worked and expressed their opinions in accordance with the roles and responsibilities assigned by the Board of Directors. They oversaw the operation according to the principles, the standards and the regulations which relevant to the company's businesses. Major activities of the Audit Committee were concluded as follows:

## 1. Review accurate and adequate financial reports:

- Reviewed the interim and 2016 annual financial statements of the company and its subsidiaries with the External Auditors and the Management by questioning, discussing and advising on certain issues

and matters relating to the company and its subsidiaries' financial reports. The External Auditors confirmed that they performed the engagements independently and obtained a kind cooperation with the Management. Deputy Managing Director & Chief of Financial Officer confirmed that the company's accounting systems were effective. The recording data was complied with International Financial Reporting Standards.

## 2. Review suitable and efficient internal control and internal audit systems:

- Reviewed the independence of the Internal Audit Office, its scope of responsibilities and annual audit plan as well as considered the audit report and monitored the implementation of solutions as mentioned in the audit report. Gave advice to improve the audit performance and considered the appropriateness of the budget, workforce, training and personnel development as well as approved on appointment, transfer and dismissal of Chief Audit Executive.
- Assessed the adequacy and effectiveness of internal control system by considering from internal audit report and the opinion of the External Auditors.
- Reviewed the adequacy of internal control system for the year 2016 pursuant to the evaluation forms issued by the Office of SEC.

## 3. Review compliance with laws pertaining to securities and the stock exchange, regulations of the Stock Exchange of Thailand and laws concerning company business:

- Attended the meeting with the Management and the Internal Audit Office to review the company operations in order to ensure that the company operated its business in compliance with related laws and regulations.
- Monitored progress of litigation involving the Company.

- Acknowledged reports from the External Auditors that there are no issues to be presented to the Audit Committee according to section 89/25 of the Securities and Exchange Act.

#### 4. Consider, select, recommend remuneration and nominate the company's auditors:

- The Audit Committee proposed to the company's Board of Directors to recommend at the Annual General Meeting of shareholders for the appointment of Ms. Amornrat Pearmpoonvatanasuk Certified Public Accountant (Thailand) No. 4599 or Mr. Somchai Jinnovart Certified Public Accountant (Thailand) No. 3271 or Mr. Prasit Yuengsrikul Certified Public Accountant (Thailand) No. 4174 or Mr. Vichien Khingmontri Certified Public Accountant (Thailand) No. 3977, auditors of PricewaterhouseCoopers ABAS Co., Ltd. (PwC) as the company and its subsidiaries' auditors for fiscal year 2017, together with the remuneration. The Audit Committee is of the view that the External Auditors of the company are independent auditors with their professional practices, relevant experience and qualifications set forth by the Office of SEC.

#### 5. Consider the connected transactions and transactions with conflict of interest in line with relevant legislations and regulations:

- The Audit Committee acknowledged reports from the Management on the connected transaction and transaction with conflict of interest pursuant to the measures specified by the Office of SEC.

#### 6. Others :

- Review anti-corruption policy. The Audit Committee considered and approved policy and practice for anti-corruption. Reviewed self-evaluation form

regarding anti-corruption measurement to enter into approving process of the Private Sector Collective Action Coalition Against Corruption (CAC).

- Reviewed the information disclosed to the SET and the Office of SEC, as disclosed in the company's annual report for year 2016 (Form 56-2) and in the annual information disclosure form as at December 31, 2016 (Form 56-1).
- Reported the Audit Committee's activities to the Board of Directors periodically.
- The Audit Committee performed Audit Committee self-assessment by completed the questionnaire prepared by audit committee members in respect to the efficiency of the Audit Committee's performance.

In conclusion, The Audit Committee has fully performed its duties as specified in the Audit Committee's Charter as approved by the Board of Directors. The Audit Committee is of the opinion that the Company's report on financial information is correct in compliance with the financial reporting standards, with effective and proper internal control system and internal audit, and that the business operations comply with applicable laws and regulations relating to the Company's business.

On behalf of the Audit Committee



(Mr. Viroj Klangboonkrong)  
Chairman of the Audit Committee  
22 February 2017

# Board of Director



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1. **Mr. Worawit Weeraborwornpong**  
Chairman

2. **Mrs. Patchara Weeraborwornpong**  
Director

3. **Mr. Supachai Weeraborwornpong**  
Director

4. **Mr. Suttipong Vasuvanichphan**  
Director

5. **Mr. Viroj Klangboonkrong**  
Independent Director and Chairman of Audit Committee

6. **Mr. Harn Chiocharn**  
Independent Director and Member of Audit Committee

7. **Mrs. Sudjit Divari**  
Independent Director and Member of Audit Committee

8. **Mr. Somchai Korprasobsuk**  
Director

9. **Mrs. Jintana Kingkaew**  
Secretary to the Board of Directors



# Management Team



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**1. Mr. Worawit Weeraborwornpong**  
Executive Director Chairman

**2. Mrs. Patchara Weeraborwornpong**  
Executive Director

**3. Mr. Supachai Weeraborwornpong**  
Managing Director

**4. Mr. Suttipong Vasuvanichphan**  
Deputy Managing Director

**5. Mrs. Jintana Kingkaew**  
Deputy Managing Director

**6. Mr. Anuwat Poosantipong**  
Deputy Managing Director

**7. Mr. Somchai Korprasobsuk**  
Assistant Managing Director

# Board of Director, Executives and Control Authorities

## Siamgas and Petrochemicals Public Company Limited

**Mr. Worawit Weeraborwornpong**

**72 years**

**Position :** Chairman

### Educational Credential

An honorary doctorate of Rajamangala University of Technology Thanyaburi  
Bachelor's degree of Bangkok Thonburi University

### Other Academic

Certificate of Thai Institute of Director (IOD)  
Directors Accreditation Program (DAP)

### Relationship in Management family

Husband of Mrs. Patchara Weeraborwornpong and  
Father of Mr. Supachai Weeraborwornpong

### Working experience

Since 2016	Director SIAMGAS GLOBAL INVESTMENT PTE.LTD.
Since 2016	Director SIAMGAS POWER PTE.LTD.
Since 2015	Director SIAMGAS MYANMAR CONSORTIUM PTE.LTD.
Since 2014	Director FAREAST PETROLEUM SON.BHD
Since 2013	Director MYGAZ SND. BHD.
Since 2013	Director CITYGAS NORTH CO., LTD.
Since 2013	Director CITYGAS CO., LTD.
Since 2012	Director Siam Suksawat Co., Ltd.
Since 2010	Director SIAM OCEAN GAS AND ENERGY LIMITED
Since 2010	Director SINO SIAMGAS AND PETRO CHEMICALS CO., LTD.
Since 2010	Director SIAMGAS HK Company Limited
Since 2010	Director SINGGAS (LPG) PTE Limited
Since 2010	Director SUPERGAS Company Limited
Since 2008	Director Siam Quality Steel Co., Ltd.
Since 2005	Vice Chairman Siamgas and Petrochemicals PCL.
Since 2004	Chairman Uniquegas and Petrochemicals PCL.

### Share holder ratio (As of 31 December 2016)

**Common share** 441,881,599  
shares (48.09% of total shares)

**Mr. Supachai Weeraborwornpong**

**44 years**

**Position :** Director / Managing Director

### Educational Credential

M.B.A. Sasin Graduate Institute of Chulalongkorn University  
B.S. Civil Engineering Michigan State University, U.S.A.

### Other Academic

Certificate of Thai Institute of Director (IOD)  
Directors Accreditation Program (DAP)

### Relationship in Management family

Son of Mr. Supachai Weeraborwornpong and  
Mrs. Patchara Weeraborwornpong

### Working experience

Since 2016	Director SIAMGAS GLOBAL INVESTMENT PTE.LTD.
Since 2016	Director SIAMGAS POWER PTE.LTD.
Since 2015	Director SIAMGAS MYANMAR CONSORTIUM PTE.LTD.
Since 2014	Director FAREAST PETROLEUM SON.BHD
Since 2013	Director MYGAZ SND. BHD.
Since 2013	Director CITYGAS NORTH CO., LTD.
Since 2013	Director CITYGAS CO., LTD.
Since 2012	Director Siam Suksawat Co., Ltd.
Since 2010	Director SIAM OCEAN GAS AND ENERGY LIMITED
Since 2010	Director SINO SIAMGAS AND PETRO CHEMICALS CO., LTD.
Since 2010	Director SIAMGAS HK Company Limited
Since 2010	Director SINGGAS (LPG) PTE Limited
Since 2010	Director SUPERGAS Company Limited
Since 2008	Director Siam Quality Steel Co., Ltd.
Since 2005	Managing Director Siamgas and Petrochemicals PCL.
Since 2004	Managing Director Uniquegas and Petrochemicals PCL.

### Share holder ratio (As of 31 December 2016)

**Common share** 51,371,000  
shares (5.59% of total shares)







**Mrs. Patchara Weeraborwornpong** 68 years

**Position :** Director / Executive director

**Educational Credential**

High school

**Other Academic**

Certificate of Thai Institute of Director (IOD)  
Directors Accreditation Program (DAP)

**Relationship in Management family**

Wife of Mr. Worawit Weeraborwornpong  
and Mother of Mr. Supachai Weeraborwornpong

**Working experience**

Since 2005	Director Siamgas and Petrochemicals PCL.
Since 2004	Director Uniquegas and Petrochemicals PCL.
Since 1994	Director Bobae Tower Co., Ltd.
Since 1992	Managing Director Prom Maharaj Land Development Co., Ltd.
Since 1992	Director Exhibition and International Conference (Thailand) Co., Ltd.

**Share holder ratio (As of 31 December 2016)**

**Common share** 50,000,000  
shares (5.44% of total shares)

**Mr. Suttipong Vasuvanichphan** 67 years

**Position :** Director / Deputy Managing Director

**Educational Credential**

Vocational Diploma | Chetupon Commercial College

**Other Academic**

Certificate of Thai Institute of Director (IOD)  
Directors Accreditation Program (DAP)

**Relationship in Management family**

- None -

**Working experience**

Since 2012	Director Siam Suksawat Co., Ltd.
Since 2008	Director Siam Quality Steel Co., Ltd.
Since 2008	Director Siam Ethanol Export Co., Ltd.
Since 2005	Deputy Managing Director Siamgas and Petrochemicals PCL.
Since 2004	Deputy Managing Director Uniquegas and Petrochemicals PCL.

**Share holder ratio (As of 31 December 2016)**

**Common share** 233,001  
shares (0.02% of total shares)



**Mr. Somchai Korprasobsuk**

**55 years**

**Position :** Director / Assistant Managing Director

#### **Educational Credential**

Bachelor degree in Business Administration faculty of  
The University of the Thai Chamber of Commerce

#### **Other Academic**

Certificate of Thai Institute of Director (IOD)  
Directors Accreditation Program (DAP)

#### **Relationship in Management family**

- None -

#### **Working experience**

Since 2011 Director Siam Lucky Marine Co., Ltd.  
Since 2005 Assistant Managing Director  
Siamgas and Petrochemicals PCL.  
Since 2005 Director Lucky Carrier Co., Ltd.  
Since 2004 Assistant Managing Director  
Uniquegas and Petrochemicals PCL.

#### **Share holder ratio (As of 31 December 2016)**

- None -

**Mr. Viroj Klangboonkrong**

**73 years**

**Position :** Independent director  
Chairman of Audit Committee

#### **Educational Credential**

Bachelor degree in Engineering faculty of  
Chulalongkorn University  
Master degree in Business Administration of  
Thammasat University  
Mechanical Engineering of Asian Institute of  
Technology (AIT)

#### **Other Academic**

Certificate of Thai Institute of Director (IOD)  
Directors Accreditation Program (DAP)

#### **Relationship in Management family**

- None -

#### **Working experience**

Since 2008 Independent director and Chairman of  
Audit Committee  
Uniquegas and Petrochemicals PCL.  
Since 2006 Independent director and Chairman of  
Audit Committee  
Siamgas and Petrochemicals PCL.  
2003 - 2006 Independent director and Member of  
Audit Committee  
Ratchaburi Electricity Generating Holding  
PCL.  
2002 - 2005 Director General  
Department of Energy, Ministry of Energy  
2001 - 2002 Senior Chief Engineer  
Department of Public works, Ministry of  
Interior  
1997 - 2001 Chief Engineer Department of Public works,  
Ministry of Interior  
1992 - 1997 Director of Division control  
Department of Public works, Ministry of  
Interior

#### **Share holder ratio (As of 31 December 2016)**

**Common share** 945,000  
shares (0.10% of total shares)



**Mr. Harn Chiocharn****72 years**

**Position :** Independent director  
Member of Audit Committee

**Educational Credential**

Bachelor degree in Law faculty at Thammasat University  
Degree in government with private class 6,  
National Defence College

**Other Academic**

Certificate of Thai Institute of Director (IOD)  
Directors Accreditation Program (DAP)

**Relationship in Management family**

- None -

**Working experience**

Since 2008	Independent director and Member of Audit Committee Uniquegas and Petrochemicals PCL.
Since 2006	Independent director and Member of Audit Committee Siamgas and Petrochemicals PCL.
Since 2006	Independent director and Member of Audit Committee Thai Industry and engineering service PCL.
2006 - 2007	Managing Director Bangkok First Investment & Trust PCL.
Feb - May 2006	Advisor Bangkok First Investment & Trust PCL.
July - Oct 2005	Deputy Managing Director Asset Management Corporation
May - July 2005	(Acting) Managing Director Asset Management Corporation
2003 - 2005	Assistant Managing Director Asset Management Corporation
2000 - 2003	Director of Corporate security and Legal document Asset Management Corporation

**Share holder ratio (As of 31 December 2016)**

**Common share** 20,000  
shares (0.002% of total shares)

**Mrs. Sudjit Divari****70 years**

**Position :** Independent director  
Member of Audit Committee

**Educational Credential**

Bachelor degree in Accounting, Faculty of Commerce and Accounting at Chulalongkorn University  
Master degree in Business Administration, Faculty of Commerce and Accounting at Thammasat University  
MBA State University of California at Fresno, U.S.A.

**Other Academic**

Certificate of Thai Institute of Director (IOD)  
Directors Accreditation Program (DAP)  
Directors Certificate Program (DCP)  
Audit Committee Program (ACP)

**Relationship in Management family**

- None -

**Working experience**

Since 2008	Independent director and Member of Audit Committee Uniquegas and Petrochemicals PCL.
Since 2008	Independent director and Chairman of Audit Committee Credit Foncier Lynn Phillip Mortgage Co., Ltd.
Since 2006	Independent director and Member of Audit Committee Siamgas and Petrochemicals PCL.
Sep.- Nov. 2014	Director and Member of Audit Committee Singha Estate PCL.
2004 - Sep.2014	Director and Member of Audit Committee Rasa Property Development PCL.
1999 - 2011	Director and Chairman of Audit Committee Wave Entertainment PCL.
1999 - 2011	Executive Director United Factoring (1993) Co., Ltd.
2004 - 2007	Director and Chairman of Audit Committee Sunwood Industry PCL.

**Share holder ratio (As of 31 December 2016)**

**Common share** - None -



**Mrs. Jintana Kingkaew**

**58 years**

**Position :** Secretary of the Board  
Deputy Managing Director

**Educational Credential**

Bachelor degree in Accountancy in Auditing Major at  
The University of the Thai Chamber of Commerce  
Master degree in Business Administration at Kasetsart  
University  
Master degree in Finance at Kasetsart University

**Other Academic**

- None -

**Relationship in Management family**

- None -

**Working experience**

Since 2004 Deputy Managing Director  
Uniquegas and Petrochemical PCL.  
Since 2003 Deputy Managing Director  
Siamgas and Petrochemical PCL.

**Share holder ratio (As of 31 December 2016)**

**Common share** 458,000  
shares (0.05% of total shares)

**Mr. Anuwat Poosantipong**

**54 years**

**Position :** Deputy Managing Director

**Educational Credential**

Bachelor degree in Engineering at Chulalongkorn  
University  
Master degree of Business Administration at NIDA

**Other Academic**

- None -

**Relationship in Management family**

- None -

**Working experience**

Since 2004 Deputy Managing Director  
Uniquegas and Petrochemical PCL.  
Since 2004 Deputy Managing Director  
Siamgas and Petrochemical PCL.

**Share holder ratio (As of 31 December 2016)**

- None -





สยามแก๊ส

G2  
ก๊าซไวไฟ

LPG

Isobutane





# Policy and Overview of Business Operations





## 1. Policy and Overview of Business Operations

### 1.1 Overview of Vision, Objective, Target or Strategic Operation of SGP and Group of Companies

SGP targets to be one of the leading energy operators in East Asia. For business in Thailand, the Company has investment plans to expand LPG business by increasing number of LPG filling stations and LPG filling plants as well as to expand marine transportation business by purchasing more LPG vessel tankers. With regard to overseas business, SGP has purchased LPG terminal with filling plants to operate LPG business in Vietnam, China, Singapore, Malaysia and etc. SGP also looks for investment opportunity for LPG business in more companies of East Asia.

Moreover, SGP also seeks opportunity to expand business in other energy related business, for instance, expansion in LNG or NGV business, including petrochemicals and other energy fields. For the past period, SGP has invested in Ethanol and coal.



#### Vision

SGP Group determines to be the regional leader in energy business.

#### Mission

SGP has advantages and readiness to support business expansion, for instance, the growth of the market and gas floating price in the market. Regarding to creating of business competitive edge, SGP has developed potentials of upstream business and built effective products and services distribution networks with nationwide coverage and expanded business to the neighboring countries. For such development, SGP puts emphasis on the followings:

- Plan to increase facilities, warehouses, gas filling plants and service stations including gas tankers and gas trucks.
- Develop human resources continually to develop potential and increase capability for achievement operations results with efficiency and safety.
- Place importance on policy concerning product safety, service rendering including operations within the organization.
- Focus on well livelihood of the public by providing excellent products and services people, particularly on safety, convenience and at reasonable and fair prices.







- Perform business in ethical manner pursuant to governance principles and against all types and kinds of corruption, place importance on environment preservation as well as having responsibilities to society, community as well as shareholders and all related parties

## Business Operations

### SGP and its subsidiaries' core businesses are energy and related businesses.

Domestic operations include 7 businesses as follows:

- 1) Trading of LPG, ammonia, and other petrochemicals operated under SGP and Unique Gas and Petrochemicals PCL.
- 2) Transportation of petroleum, LPG, ammonia, and other petrochemicals – operated under the 3 subsidiaries as follows: Unique Gas and Petrochemicals PCL, Lucky Carrier Co., Ltd., and Siam Lucky Marine Co., Ltd.
- 3) LPG Cylinder and Auto-gas tank manufacturing operated by Siam Quality Steel Co., Ltd., a subsidiary of SGP.
- 4) Ethanol Manufacturing and Trading – operated by Siam Ethanol Export Company Co., Ltd., a subsidiary of SGP.
- 5) Oil retail business – operated by Siam Suksawat Co., Ltd., a subsidiary of SGP.
- 6) Container terminal service business - operated by SGP.
- 7) Joint venture business – operated by a joint venture company, Siam Nathalin Co., Ltd., by engaging in food and beverage distribution business.

Overseas operations include 4 businesses as follows:

- 1) LPG trading in China – operated by a wholly owned subsidiary, Sino Siam Gas and Petrochemicals Co., Ltd. and Siam Ocean Gas and Energy Co., Ltd.
- 2) LPG trading in Vietnam - operated by a wholly owned subsidiary, Super Gas Co., Ltd. and Citygas Co., Ltd.. And a joint venture company, Citygas North Co., Ltd.
- 3) LPG trading in Singapore - operated by a wholly owned subsidiary, SingGas (LPG) Pte. Ltd., SiamGas Trading Pte. Ltd.
- 4) Petrochemicals trading in Malaysia - operated by a wholly owned subsidiary SGGAS Sdn. Bhd. Mygaz Sdn. Bhd., and Far East Petroleum Sdn. Bhd.
- 5) Holding company business (Business where main revenues derive from being the holding company) operated by SGP's subsidiaries, i.e. SIAM GAS HK LTD., SIAMGAS MYANMAR CONSORTIUM PTE. LTD., SIAMGAS POWER PTE. LTD. and SIAMGAS GLOBAL INVESTMENT PTE. LTD.

## SGP's Core Business

The core business of SGP is LPG distribution under "SIAMGAS" trademark through its 25 LPG filling plants including those 12 locations owned and operated by the company (COCO, company owned – company operated filling plants), 13 locations where the property rented to agents (CODO, company owned – dealer operated filling plants), and also through 64 agent filling plants for cooking segment. SGP also distributes LPG to auto-gas users through 44 company owned – company operated auto-gas stations (COCO), and other 402 dealer owned – dealer operated auto-gas stations (DODO).





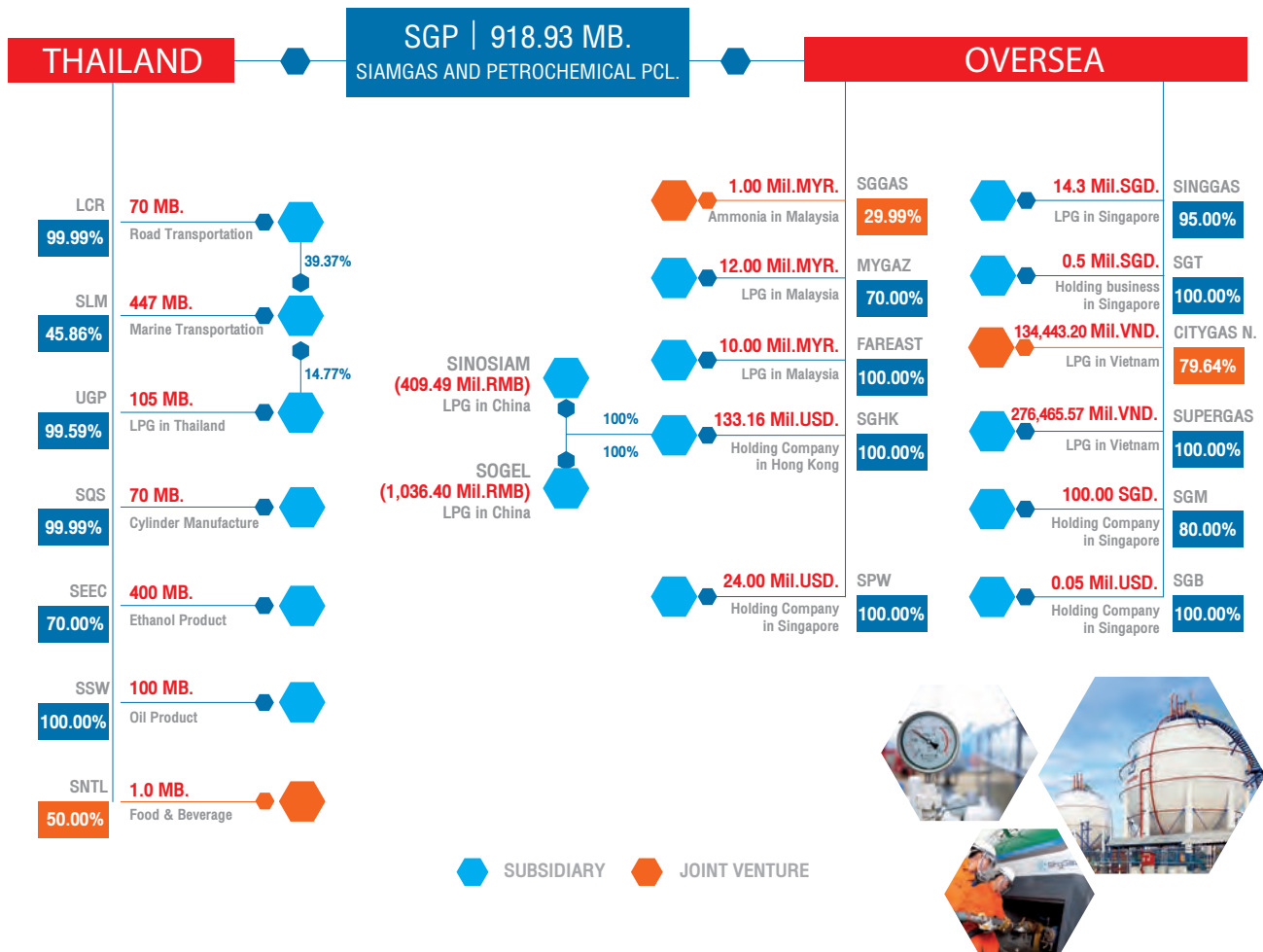


At present, SGP has altogether 20 subsidiaries in the group including 15 wholly owned companies as follows:

1. Unique Gas and Petrochemicals PCL. ("UGP"),
2. Lucky Carrier Co., Ltd. ("LCR"),
3. SiamQuality Steel Co., Ltd. ("SQS"),
4. SiamEthanolExportCo.,Ltd. ("SEEC"),
5. Siam Suksawat Co., Ltd. ("SSW"),
6. Siam Lucky Marine Co., Ltd. ("SLM"),
7. Siamgas HK Co., Ltd. ("SGHK"),
8. Super Gas Co., Ltd. ("SUPERGAS"),
9. SingGas (LPG) Pte. Ltd. ("SINGGAS"),
10. Siam Gas Trading Pte. Ltd. ("SGT"),

11. MYGAZ Sdn. Bhd. ("MYGAZ"),
  12. Siamgas Myanmar Consortium Pte. Ltd. ("SGM")
  13. Siamgas Power Pte. Ltd. ("SPW")
  14. Siamgas Global Investment Pte. Ltd. ("SGB")
  15. Far East Petroleum Sdn. Bhd. ("FAREAST")
- Also, there are 2 companies owned through SGP's subsidiaries including
16. Sino Siam Gas and Petrochemicals Co., Ltd. ("SINOSIAM")
  17. Siam Ocean Gas and Energy Ltd. ("SOGEL").
- The Company has 3 joint venture companies which are
18. SGGAS Sdn. Bhd. ("SGGAS")
  19. Citygas North Co., Ltd. ("CITYGAS NORTH")
  20. Siam Natalin Co., Ltd. ("SNTL").

## 1.2 SGP's and its subsidiaries' Business Structure





## Business Operations of SGP's Subsidiaries

### UNIQUEGAS AND PETROCHEMICALS PUBLIC COMPANY LIMITED. (“UGP”)

UGP, established on January 12, 1982, has its current registered capital of 200 million baht and paid-up capital of 105 million baht. SGP is its current major shareholder holding 99.51 % of the paid-up capital. The business of UGP is filling and distributing LPG, ammonia, and other petrochemicals such as butane, propane, and propellant under “Unique Gas” trademark, and UGP operates its business as a trader under section 7 of Fuel Trade Act, B.E. 2543.

At present, UGP has 2 LPG terminals, 16 company owned – company operated filling plants, 87 dealer owned – dealer operated filling plants, and 95 dealer owned – dealer operated auto-gas stations. Most of UGP customers are LPG filling plants, LPG retailers, LPG auto-gas stations, and industrial users. UGP also has a license for oil transportation under section 12 of Fuel Trade Act, B.E. 2543 with a 1,288-ton vessel tanker in its fleet.

### LUCKY CARRIER COMPANY LIMITED (“LCR”)

LCR was established on August 13, 1991 with its current registered and paid-up capital of 70 million baht. SGP is the major shareholder holding 99.99% of the paid-up capital. The business of LCR is transportation of LPG and oil by road tankers under section 12 of Fuel Trade Act, B.E. 2543. LCR provides LPG transportation services nationwide to its customers who are mainly SGP and UGP. Moreover, LCR also provides oil transportation service for customer outside SGP group such as PTT Public Company Limited. The fleet of LCR is comprised of 28 oil road tankers with combined capacity of 948,000 liters, 280 LPG road tankers with combined capacity of 3,143 tons, and 2 road tankers for other chemical products with combined capacity of 68,000 liters. On June 29, 2012, CGT's business was transferred to LCR to be under the same group.

### SIAM QUALITY STEEL COMPANY LIMITED (“SQS”)

SQS was established on June 27, 2008 with registered and paid-up capital of 70 million baht with SGP as its major shareholder holding 99.99% of the paid-up capital. The business of SQS are manufacturing and distributing LPG containers including LPG cylinders for cooking usage and LPG canisters for automobiles. Most of SQS business is manufacturing LPG cylinders for SGP and UGP.



### SIAM ETHANOL AND EXPORT COMPANY LIMITED ("SEEC")

SEEC was established on June 23, 2004 with its current registered and paid-up capital of 400 million baht. SGP is its major shareholder holding 70% interest in equity. The business of SEEC are producing and distributing ethanol from agricultural feed stocks such as molasses and cassava. The plant of SEEC is located at 88 Moo 8, Tumbol Nonglalo, Umphur Ban-Kai, Rayong province. SEEC plant is capable of producing 100,000 liters of 95% or food grade ethanol per day for export.

SEEC had its machines test-run in November 2008 and started commissioning to produce 95% ethanol in March 2009. Until 2010, SEEC had a major machinery development for its plant for the production of 99.5% or fuel grade ethanol used in transportation sector which is expected to start commissioning in the 2nd quarter 2011.

SEEC ceased its business operation since 2013 due to excessive cost of feedstock used for production as a result of low volume of raw materials, i.e. sugarcane and cassava produced and available in the market. In addition, when comparing with the selling price, it would not worth to keep on running the plant, so the operation has been ceased and it is currently under the business disposition.

### SIAM LUCKY MARINE COMPANY LIMITED ("SLM")

SLM is a business merger of 5 marine transportation companies including Lucky Marine Company Limited, Unique Marine Company Limited, Unique Gas Trading Company Limited, Unique Gas International Company Limited, and Unique Gas Carrier Company Limited which was completed on June 1, 2011 with the paid up capital of 242.02 million baht in which LCR and UGP hold shares of 72.7% and 27.2% respectively. In order to comply with criteria of the Board of Investment (BOI) on tax privilege, on July 19, 2012, SLM has issued 10.0 million new shares at par value of 10 baht. After such capital increase, the current registered capital and paid-up capital are 342.02 million baht. SGP, LCR and UGP, the subsidiaries, hold 29.2%, 51.5% and 19.3% of shares respectively.

On March 26, 2013, SLM has registered for capital increase by issuing 8.0 million new ordinary shares at par value of 10 baht in order to comply with criteria of the Board of Investment (BOI) on tax privilege. After such capital increase, the current registered capital and paid-up capital are 422.02 million baht and shareholding proportion of SGP, LCR and UGP, the subsidiaries, are 42.7%, 41.7% and 15.6%, respectively.

In addition, on April 25, 2016, SLM has registered for capital increase by issuing 2.5 million new ordinary shares at par value of 10 baht in order to comply with criteria of the Board of Investment (BOI) on tax privilege. After such capital increase, the current registered capital and paid-up capital are 447.02 million baht and shareholding proportion of SGP, LCR and UGP, the subsidiaries, are 45.9%, 39.4% and 14.7%, respectively.

SLM operates marine transportation of petroleum and LPG in Thailand and overseas, and has a license for oil transportation under section 12 of Fuel Trade Act, B.E. 2543. Most of LPG customers include SGP and UGP, and most of petroleum customers are PTT Public Company Limited and Thai Oil Public Company Limited. Currently, SLM has 20 LPG tanker vessels with the combined loading capacity of 116,553 tons, and 3 ammonia tanker vessels with the combined loading capacity of 2,573 tons.

#### **SIAM SUKSAWAT COMPANY LIMITED (“SSW”)**

SSW was established on August 28, 2012 with its current registered and paid-up capital of 100 million baht. SGP is its major shareholder holding 99.99% of shares with objective to render business of distribution of gasoline for automobile. SSW realized revenue from distribution of gasoline under the brand “Bangchak” since April 2016.

#### **SIAMGAS HK LIMITED (“SGHK”)**

SGHK was established on August 20, 2009 with its current registered and paid-up capital of 4,087.68 million baht. SGP holds 100% equity interest in SGHK. SGHK operates as a holding and petroleum trading company. SGHK was set up for business investment in China by firstly purchasing 100% share interest in Chevron Ocean Gas & Energy Limited (COGEL) from Chevron China Limited. In this acquisition, transfer transaction was completed on June 30, 2011. Secondly SGHK invested in another project by purchasing 100% equity interest in BP Zhuhai LPG Limited (BPZH) from Shine Top International Investment Limited (SHINE TOP) holding 49% shares and from BP Global Investment Limited (BP GLOBAL) holding 51% shares, and the share transfer transaction was completed on December 24, 2010.

#### **SUPER GAS COMPANY LIMITED (“SUPERGAS”)**

SUPERGAS is a subsidiary which SGP holds 100% shares. SUPERGAS is a registered company operating LPG business in Vietnam. SGP purchased 100% share SUPERGAS from SHANGHAI CROWN LIMITED on March 2, 2010.

On March 19, 2015 SUPERGAS CO., LTD. (“SGV”) and CITYGAS CO., LTD. (“CGV”) are subsidiaries of SGP. They have consolidation and operation on behalf of SGV. The purpose of merger aims to strengthen of business operation in Vietnam; however, net of asset, liabilities and obligation of CGV has been transfer to SGV comply by commercial law governing mergers of company limited in Vietnam. After merger, registered capital of SUPERGAS is at 425.50 million baht.

#### **SINGGAS (LPG) PRIVATE LIMITED (“SINGGAS”)**

SINGGAS, formerly known as Shell Gas (LPG) Singapore Private Limited is a subsidiary registered in Singapore to operate LPG distribution business. On July 30, 2010, SGP purchased 100% shares of Shell Gas (LPG) Singapore Private Limited from SHELL GAS (LPG) HOLDINGS B.V., then 5% of registered capital was sold to outsider on December 29, 2010.

#### **SIAM GAS TRADING PTE. LTD. (“SGT”)**

SGT is a subsidiary which SGP holds 100% shares and registered in Singapore with the capital of 500,000 Singapore Dollar. SGT operates LPG trading business.

#### **SINOSIAMGAS AND PETROCHEMICALS COMPANY LIMITED (“SINOSIAM”)**

SINOSIAM is a subsidiary which SGP indirectly holds 100% shares. SINOSIAM is a fully integrated petroleum distribution business in China. The facilities of SINOSIAM include depot, jetty for importing, exporting, and throughput, facilities for distribution by vessel tankers and road tankers, and an LPG cylinder filling plant. SGP purchased 100% equity interest of BP Zhuhai Limited on December 24, 2010, and now operates the business under SINOSIAM.

#### **SIAM OCEAN GAS & ENERGY LTD. (“SOGEL”)**

SOGEL is a subsidiary which SGP indirectly holds 100% shares and is registered in China. SOGEL is a fully integrated petroleum distribution business in China. The facilities of SOGEL include depot, jetty for importing, exporting, and throughput, facilities for distribution by vessel tankers and road tankers, and SGP purchased 100% equity interest of SOGEL on June 30, 2011







### SIAM NATHALIN COMPANY LIMITED (“SNTL”)

SNTL is a joint venture company registered in Thailand with registered capital of 1 million baht to operate a petroleum transportation business by very large carrier (vessel). SGP with Nathalin Company Limited set up SNTL by holding 50% or 0.50 million baht of registered and paid-up capital in quarter 3 of 2010. However, presently the marine transportation business has not yet been operated.

Furthermore, during 2016, business objectives of SNTL have been added to include distribution of all kinds of food and beverage. Presently, SNTL has revenues from selling food and beverages under “Café Amazon” brand.

### SG GAS SDN. BHD. (“SGGAS”)

SGGAS is a holding company registered in Malaysia with total registered capital of 100,000 Malaysian Ringgit which SGP holds 29.99% shares interest. SGGAS operates petroleum distribution business. In addition, on August 9, 2013, the meeting of the Board of Directors has approved for an increase of investment in SGGAS from the previous registered capital of 100,000 Malaysian ringgits to 1,000,000 Malaysian ringgits.

### MYGAZ SDN. BHD. (“MYGAZ”)

MYGAZ is a subsidiary which SGP directly holds 70.0% shares and is registered in Malaysia to operate petroleum distribution business with registered capital equals to 12.0 million Malaysian ringgit. MYGAS has purchased

assets and liquefied petroleum gas business of Shell Timur SDN. BHD. (“STSB”) in East Malaysia at 10.0 million ringgit. Deposit has been placed on October 3, 2012 and asset and liquefied petroleum have already been transferred on May 29, 2013.

### CITYGAS NORTH COMPANY LIMITED (“CITYGAS NORTH”)

CITYGAS NORTH is a joint venture which SGP holds 79.6% shares and is registered in Vietnam to operate liquefied petroleum gas distribution business with registered capital of 149.90 million baht. SGP purchased all of issued share capital of Shell Gas Haiphong Limited from Shell Gas (LPG) Holding B.V. at 0.3 million USD and all transactions have completed on January 18, 2013. Later, “Shell Gas Haiphong Limited” has been renamed to “CITYGAS NORTH Company Limited”.

### FAR EAST PETROLEUM SDN. BHD. (“FAR EAST”)

The meeting of the Board of Directors on November 7, 2014 has approved to establish Far East Petroleum Sdn. Bhd. in Malaysia with registered capital of 400,000 Malaysian Ringgit and wholly owned by SGP. Far East operates liquefied petroleum distribution business. Later on February 24, 2015, the meeting of the Board of Directors has approved for an increase of registered capital in Far East to 10,000,000 Malaysian ringgit and SGP’s investment ratio was changed to 70%, so it become a joint venture investment. Such capital increase has been completed on August 24, 2015.



Later on August 10, 2016, the meeting of the Board of Directors has passed a resolution to purchase shares of Far East Petroleum Sdn, Bhd. (Joint Venture) at ratio of 30% for 3.00 million shares, at par value of 1.00 Malaysian Ringgit, totally 3.00 million Malaysian Ringgit, or equivalent to 25.76 million baht from the existing shareholder. Consequently, SGP now hold 100% shares in Far East and Far East now becomes SGP's subsidiary.

#### **SIAMGAS MYANMAR CONSORTIUM PTE. LTD. ("SGM")**

SGM registered as a juristic person in Singapore on November 18, 2015 with 100 shares at par value of 1 Singapore dollar. SGP holds 80% of total shares or 80 Singapore dollar or equivalent to 2,041 baht, with objective to be a holding company.

#### **SIAMGAS POWER PTE. LTD. ("SPW")**

SPW registered as a juristic person in Singapore on July 5, 2016 with 24,010,000 shares at par value of 1 Singapore dollar. SGP holds 100% of registered capital and paid-up share with objective to be a holding company in electrical energy business.








SPW acquired 30% of investments in 230 MW combined cycle power plant from Myanmar Lighting (IPP) Co., Ltd. ("MLIPP"), in Myanmar. Total investments were 48 million US dollar (or approximately 1,688.16 million baht, by referring to average exchange rate of the Bank of Thailand as of July 15, 2016 where 1 US dollar equaled to 35.17 baht). Sales and Purchase Agreement has been executed on July 18, 2016.

#### **SIAMGAS GLOBAL INVESTMENT PTE. LTD. ("SGB")**

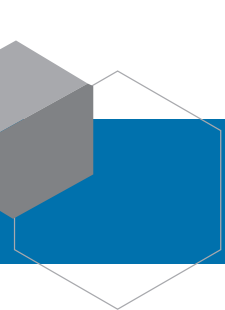
SGB registered as a juristic person in Singapore on August 25, 2016 with 1 share at par value of 1 Singapore dollar. SGP holds 100% of registered capital and paid-up shares with objective to be a holding company.

On 2 December 2016, SGB had Increase in share capital from 1 share to 50,000 shares The Company's ownership interest remains unchanged at 100%

# Overview of SGP's Subsidiaries

Company		Type of Business	
	Paid-up Capital (million baht)  <b>105.00</b>	Shareholding Portion (%)  <b>99.59</b>	Filling and distributing LPG, ammonia and other petrochemicals under the license as an LPG Trader under Section 6 (Fuel Trader under Section 7)
	Paid-up Capital (million baht)  <b>70.00</b>	Shareholding Portion (%)  <b>99.99</b>	Land transportation of LPG and petroleum under the license as LPG and Petroleum Transportation Service Provider
	Paid-up Capital (million baht)  <b>70.00</b>	Shareholding Portion (%)  <b>99.99</b>	Manufacturing and distributing LPG cylinders and auto-gas tanks
	Paid-up Capital (million baht)  <b>400.00</b>	Shareholding Portion (%)  <b>70.00</b>	Manufacturing and distributing ethanol (business close down)
	Paid-up Capital (million baht)  <b>447.02</b>	Shareholding Portion (%)  <b>45.9</b> <b>54.1<sup>1</sup></b>	LPG Ammonia and oil transportation by vessel tankers under the fuel transportation license
	Paid-up Capital (million baht)  <b>100.00</b>	Shareholding Portion (%)  <b>99.99</b>	Direct subsidiary – Petroleum distribution (retail distribution of gasoline for automobile under “Bangchak” brand).
	Paid-up Capital (million baht)  <b>4,087.68</b>	Shareholding Portion (%)  <b>100.00</b>	Holding company and petroleum distribution – Hong Kong





Company		Type of Business	
	Paid-up Capital (million baht)  <b>425.50</b>	Shareholding Portion (%)  <b>100.00</b>	LPG and petroleum distribution – Vietnam
	Paid-up Capital (million baht)  <b>336.01</b>	Shareholding Portion (%)  <b>95.00</b>	LPG and petroleum distribution – Singapore
	Paid-up Capital (million baht)  <b>2,086.86</b>	Shareholding Portion (%)  <b>100.00<sup>2</sup></b>	Full scale of LPG and petroleum distribution including bulk-breaking terminal and jetties for import and re-export by vessel tankers, and facilities for domestic sales in cylinders through filling plant, and in bulk by road tankers – Zhuhai City, South China
	Paid-up Capital (million baht)  <b>4,938.45</b>	Shareholding Portion (%)  <b>100.00<sup>2</sup></b>	Full scale of LPG and petroleum distribution including bulk-breaking terminal and jetties for import and re-export by vessel tankers, and in bulk by road tankers Shantou City, South China
	Paid-up Capital (million baht)  <b>1.00</b>	Shareholding Portion (%)  <b>50.00</b>	Joint Venture – Food and beverage distribution business under “Café Amazon” brand.
	Paid-up Capital (million baht)  <b>12.83</b>	Shareholding Portion (%)  <b>100.00</b>	LPG trading in Singapore
	Paid-up Capital (million baht)  <b>9.99</b>	Shareholding Portion (%)  <b>29.99</b>	Holding company - Petroleum distribution in Malaysia

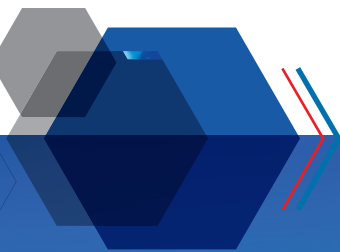


Company		Type of Business	
	Paid-up Capital (million baht)  <b>120.66</b>	Shareholding Portion (%)  <b>70.00</b>	Direct subsidiary – Petroleum distribution in Malaysia
	Paid-up Capital (million baht)  <b>188.22</b>	Shareholding Portion (%)  <b>79.64</b>	Joint venture – Petroleum distribution in Vietnam.
	Paid-up Capital (million baht)  <b>88.71</b>	Shareholding Portion (%)  <b>100.00</b>	Direct Subsidiary - Petroleum distribution in Malaysia.
	Paid-up Capital (million baht)  <b>0.0026</b>	Shareholding Portion (%)  <b>80.00</b>	Holding company – Petroleum distribution in Singapore
	Paid-up Capital (million baht)  <b>843.24</b>	Shareholding Portion (%)  <b>100.00</b>	Holding Company in Singapore
	Paid-up Capital (million baht)  <b>1.76</b>	Shareholding Portion (%)  <b>100.00</b>	Holding Company in Singapore

Remark : 1. SGP holds shares indirectly via LCR and UGP.  
2. SGP holds indirectly shares via SGHK

### 1.3 Relationship with the business of the major shareholders

The company and its subsidiaries structure are not related, depended, or competed with the other businesses of the major shareholders.



# Business Operations







### History and Key Development

Siamgas and Petrochemicals Public Company Limited, formerly known as VSPP Development Company Limited, was established on January 17, 2001 with initial registered capital of 500,000 baht, and the objective to trade and distribute liquefied petroleum gas (LPG) under the trademark of "SIAMGAS". SGP was appointed an agent for Siam Gas Industry Company Limited (SGI) which was a fuel trader under section 7 of the Fuel Trade Act, B.E. 2543. At that time, the Weeraborwornpong Group was the major shareholder of SGP and also SGI. However, the Weeraborwornpong Group has sold all SGI shares to outsiders later on June 30, 2006. SGP started its business from LPG auto-gas station, and then expanded to LPG filling plant business.

SGP has continuously restructured its business by expanding its operations to trading of LPG and other petrochemical products, as well as other related businesses for example transportation of petroleum by both road tankers and vessel tankers. With regard to its expansion, on December 27, 2004, SGP acquired the business of Unique Gas and Petrochemicals Public Company Limited (UGP), who operated LPG, ammonia, and other petrochemicals business. On March 31, 2005, SGP invested in Lucky Carrier Company Limited (LCR) who was the Oil and LPG transportation service provider. Then, on September 1, 2005, SGP purchased all major assets for LPG business operations from SGI such as lands, property lease rights, buildings, equipments, tools, LPG cylinders, LPG terminals, trademark, and patents.

Since 2005, SGP has changed the name to Siamgas and Petrochemicals Public Company Limited, and obtained the license as a Fuel Trader under section 7 trading LPG, ammonia, and other petrochemicals under the trademark of "SIAMGAS" and "UNIQUE GAS", and transporting LPG and other products. SGP has altogether 8 subsidiaries which are the directly held subsidiaries – Unique Gas and Petrochemicals Public Company Limited and Lucky Carrier Company Limited and other 6 companies of which shares are held through the subsidiaries including Lucky Marine Company Limited, Chemicals Gas Transport Company Limited, Unique Marine Company Limited, Unique Gas Trading Company Limited, Unique Gas International Company Limited, and Unique Gas Carrier Company Limited.



Since 2008, SGP has been listed in the Stock Exchange of Thailand, starting to trade its shares under the symbol of “SGP” on June 3, 2008, and have major development as follows:

## 2008

- SGP established Siam Quality Steel Company Limited (SQS) with the registered capital of 70 million baht on June 27, 2008 with the purpose to purchase all assets for the operations of LPG cylinder manufacturing and distribution of Universal Metal Drum Company Limited from Sukhumvit Asset Management Company Limited in an amount of 123.30 million baht.
- SGP acquired 28 million shares of Siam Ethanol Export Company Limited (SEEC) (par value 10 baht) in the total amount of 280 million baht from Vivon Corporation Company Limited, and Mr. Kritpong Patcharapinyopong who are not related to SGP. Therefore, SGP has become the major shareholder holding 70% equity stakes in SEEC since October 7, 2008.
- SGP purchased a piece of land for new terminal construction from Thai Krieng Group Public Company Limited on December 30, 2008. The purchased estate comprises 89-3-40 rais land, and buildings located at 33 Moo 4, Suksawad Road, Bangchak, Phrapradaeng, Samutprakarn.

## 2009

- SGP established Siam Gas HK Limited (“SGHK”), a direct subsidiary, in which SGP holds 100% share interest, was incorporated in Hong Kong Special Administrative Region of the People’s Republic of China on August 20, 2009. Its primary objectives are a holding company and trading of petroleum product.

## 2010

- SGP purchased 100% equity interest in Super Gas Company Limited (SPGV) from Shanghai Crown Company Limited at 11.5 million USD and SGP directly holds 100% of registered and paid-up capital on March 2, 2010.



- SGP purchased 100% share capital of Shell Gas (LPG) Singapore Private Limited (SGLS) from Shell Gas (LPG) Holdings B.V. at 15.0 million SGD and SGP directly holds 100% of registered and paid-up capital on July 15, 2010. Shell Gas (LPG) Singapore Private Limited (SGLS) has been renamed to SingGas (LPG) Private Limited (SINGGAS). On December 28, 2010, SGP sold its 5% equity stake to Thousand Stars Corporate Limited.
- SGP established UNITED GAS & PETROCHEMICALS SDN. BHD. (“UNITED”) as its subsidiary in which SGP holds 100% share interest. UNITED was registered in Malaysia in quarter 3 of 2010 in order to operate and distribute petroleum products in Malaysia. On August 9, 2013, the meeting of the Board of Directors has resolution to dissolve UNITED because this subsidiary has not yet operated any business and for purposes of managerial benefits and appropriateness. Dissolution of UNITED shall not have any impact to operations of the Company.
- SGP and Siam Nathalin Company Limited jointly formed a joint venture of which 50% share capital held by SGP in quarter 3 of 2010.
- SGP purchased 100% of equity interest in BP Zhuhai LPG Limited (BPZH) a wholly owned by SHINE TOP INTERNATIONAL INVESTMENT LIMITED (“SHINE TOP”) (49%) and BP Global Investments Limited (BP GLOBAL) (51%) at 101.0 USD through Siamgas HK Company Limited on September 29, 2010, and the transaction was completed on December 24, 2010. The Company is now renamed to Sino Siam Gas and Petrochemicals Company Limited (SINOSIAM) SINOSIAM was registered in China in order to operate the integrated LPG business comprising of storage terminal, jetties for import and export, terminal throughput services, as well as bulk breaking for redistribution via vessel tankers, road tankers, and cylinder filling plant.





## 2011

- SGP purchased 100% equity interest in Chevron Ocean Gas & Energy Limited (COGEL) from Chevron China Limited through Siamgas HK Company Limited, a wholly owned subsidiary of SGP, at 51.0 USD and placed a deposit of September 29, 2009. However, the business handover was completed on June 30, 2011. The Company is now renamed to Siam Ocean Gas and Energy Limited (SOGEL). SOGEL was registered in China in order to operate the integrated LPG business comprising of storage terminal, jetties for import and export, terminal throughput services, as well as bulk breaking for redistribution via vessel tankers and road tankers
- SGP established Siam Gas Trading Private Limited (SGT) of which 100% share capital owned by SGP. SGT was registered in Singapore on May 27, 2012 with the purpose to do import and export LPG business in foreign countries. Business operation has been commenced since January 2013.
- SGP had completed merging its 5 marine transportation subsidiaries including Lucky Marine Company Limited, Unique Gas Trading Company Limited, Unique Gas International Company Limited, and Unique Gas Carrier Company Limited into Siam Lucky Marine Company Limited which SGP holds shares directly through its subsidiaries 99.99% of paid up registered capital since June 1, 2011.

## 2012

- SGP issued subordinated, unsecured bonds with bond holder representative totally 4,500.0 million baht on February 6-8, 2012 with objective to reduce loan interest burden and to release all of collateral SGP placed with the financial institutions.
- SGP established Siam Suksawat Co., Ltd. as its subsidiary on August 28, 2012 of which 99.99% of its registered and paid-up capital held by SGP with purpose to render container terminal services.

## 2013

- SGP reduced its registered capital by repurchasing 31,068,500 shares. Schedule for share repurchase project was from August 3, 2009 to February 2, 2010 and schedule to dispose such repurchased shares was from February 3, 2010 to February 2, 2013. Pursuant to the ministerial regulation of the Ministry of Commerce Re: "Rules and procedures governing a company repurchasing its own shares, disposing of such repurchased shares, and writing off such repurchased shares B.E. 2544", it is specified that upon completion of disposition period of 3 years, if the company cannot dispose all of such repurchased shares or does not dispose them, the company must reduce its paid-up capital by writing off such repurchased share which have not been disposed. Therefore, SGP has a resolution to reduce its registered capital of 31,068,500 shares on February 22, 2013 from totally 950,000,000 ordinary shares to be 918,931,500 shares. Such capital reduction has been registered with the Ministry of Commerce already on March 6, 2013.



- SGP purchased 79.64% of ordinary shares of Shell Gas Hai Phong Limited ("SGH") at 0.3 million USD from Shell Gas (LPG) Holding B.V. Deposit has been placed on October 3, 2012 and business handover was completed on January 18, 2013. This company is renamed to "Citygas North Company Limited" with objective to expand liquefied petroleum gas business in Vietnam.
- SGP purchased 100% of ordinary shares of Shell Gas (LPG) Vietnam Ltd. ("SGV") from Shell Gas (LPG) Holding B.B. at 0.1 million USD. Deposit has been placed on October 3, 2012 and business handover was completed on January 18, 2013. This company is renamed to "Citygas Company Limited" with objective to expand liquefied petroleum gas business in Vietnam.
- SGP purchased assets and liquefied petroleum gas business of Shell Timur SDN. BHD. ("STSB") in East Malaysia at 10.0 million Malaysian ringgit through Mygas SDN. BHD. ("MYGAZ"). MYGAZ is a subsidiary which SGP directly holds 70% of registered and paid-up capital and is registered in Malaysia to operate liquefied petroleum gas business in Malaysia. Deposit has been placed on October 3, 2012. Handover of all assets and liquefied petroleum gas business have been completed on May 29, 2013.

## 2014

- SGP issued subordinated, unsecured bonds with bondholder representative totally 1,300 million baht on January 27-29, 2014 with objective to use for business operation and refinancing.



## 2015

- SGP issued subordinated, unsecured bonds with bondholder representative totally 2,000 million baht on January 26-29, 2015 with objective for business operation and expansion including for refinancing.
- Merging of two of SGP's subsidiaries, SUPERGAS CO., LTD. ("SGV") and CITYGAS CO., LTD. ("CGV"), in Vietnam had completed on October 19, 2015, and SGV has operated business on SGP's behalf with objective to strengthen of business operation in Vietnam. However, all of assets, liabilities and obligations of CGV have been transferred to SGV in order to comply with the civil and commercial Code law governing mergers of company limited in Vietnam.
- SGP had established SIAMGAS MYANMAR CONSORTIUM PTE. LTD. ("SGM") as subsidiary of SGP with total registered capital of 100 Singapore dollar or approximately 2,566 baht (Exchange rate at 25.66 baht per 1 Singapore dollar). SGP holds 80% of registered capital and paid-up shares. SGM had registered as a juristic person in Singapore on November 30, 2015 with objective to be a holding company.



- SGP had established FAR EAST PETROLEUM SDN. BHD. ("FAR EAST") as subsidiary of SGP with total registered capital of 400,000 Malaysian Ringgit and holding 100% of shares on November 7, 2015. On February 24, 2015, SGP increased registered capital and paid-up shares of Far East from 400,000 Malaysian Ringgit to 10,000,000 Malaysian Ringgit with objective to operate petroleum distribution business and warehouse in Malaysia. Such capital increase made NAS GAS SDN. BHD. ("NAS GAS"), a non-related company with SGP, became a joint investor in the proportion of 30% of paid up capital, or in the amount of MYR 3,000,000 or equivalent to 25,380,000 baht. Thus, the Company's proportion of registered capital and paid-up shares in FAR EAST is 70% or in the amount of MYR 7,000,000 or equal to 59,220,000 baht (Exchange rate is MYR 1 = 8.46 baht). This joint investment is considered as a joint venture (under joint venture contract)
- SPW acquired 30% of investments of registered capital and paid-up shares of 230 MW combined cycle power plant in Myanmar with total investments of 48 million US. Dollar, or equivalent to approximately 1,688.16 million baht (by referring to average exchange rate of the Bank of Thailand as of July 15, 2016 where 1 US dollar equaled to 35.17 baht), where SIAM GAS POWER PTE. LTD. ("SPW"), a subsidiary registered in Singapore that SGP holds 100% of registered capital, is an investor. Sales and Purchase Agreement has been executed on July 18, 2016.
- SGP established SIAMGAS GLOBAL INVESTMENT PTE. LTD. ("SGB"), a subsidiary, that SGP holds 100% of registered capital and paid-up shares with total investment of 1 Singapore dollar, or equivalent to approximately 26.34 baht (exchange rate is 1 Singapore dollar = 26.34 baht). SGB has registered as a juristic person in Singapore on August 25, 2016 with objective to be a holding company.

## 2016

- SGP issued subordinated, unsecured bonds with bondholder representative totally 3,000 million baht on January 28-29, 2016 with objective for business operation and expansion including repayment of existing subordinated bonds.
- SIAMGAS POWER PTE. LTD. ("SPW"), as subsidiary that SGP holds 100% of registered capital and paid-up shares with total investments of 24 million US dollar, or equivalent to approximately 844.08 million baht (exchange rate is 1 US dollar = 35.17 baht). SPW has registered as a juristic person in Singapore on July 5, 2016 with objective to be a holding company in electrical energy business.

# Revenue Structure

Revenue structure of SGP and subsidiaries in 2014 – 2016 by business

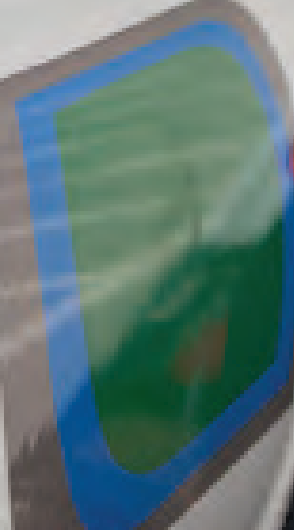
Operating Company		2014		2015		2016	
		Value (Mil. Baht)	%	Value (Mil. Baht)	%	Value (Mil. Baht)	%
<b>Revenue from Sales</b>							
Liquefied petroleum products	SGP and UGP	22,164.19	35.66	20,992.59	35.98	17,893.71	36.93
Ammonia products	UGP	1,236.77	1.99	1,193.69	2.05	1,066.67	2.20
Other petrochemical products	UGP	871.02	1.40	734.26	1.26	707.72	1.46
LPG cylinders	SQS	2.28	0.0	0.27	0.00	1.72	0.00
Ethanol products	SEEC	0.00	0.00	0.00	0.00	17.19	0.04
Gasoline product	SSW					134.96	0.28
Liquefied petroleum gas (Oversea)	SGP SUPERGAS SINGGAS SINOSIAM SOGEL SGT CITYGAS NORTH and MYGAZ	36,903.04	59.37	34,660.82	59.41	27,901.83	57.68
<b>Income from Sales</b>		<b>61,177.30</b>	<b>98.42</b>	<b>57,581.63</b>	<b>98.70</b>	<b>47,693.79</b>	<b>98.59</b>
Transportation fees	LCR SLM	421.26	0.68	344.28	0.59	441.40	0.91
Income from service rendered	SGP/Subsidiaries	160.26	0.26	156.10	0.27	26.22	0.06
Dividend income	SGP	0.00	0.00	5.02	0.01	6.69	0.01
Other incomers	SGP/Subsidiaries	398.23	0.64	252.05	0.43	209.89	0.43
<b>Total</b>	<b>SGP/Subsidiaries</b>	<b>62,157.04</b>	<b>100.00</b>	<b>58,339.07</b>	<b>100.00</b>	<b>48,377.99</b>	<b>100.00</b>





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# Risk Factors



## 1. Risks from Businesses Operations

### 1.1 Risks from the government's policy

#### (1) LPG price deregulation policy

Currently LPG price in Thailand is semi-controlled. The government regulates LPG price by fixing wholesale price with subsidy from oil fund, and setting maximum retail price only for cooking use. However the retail prices for automotive and industrial uses are not capped, but driven by the market. Therefore, LPG is lifted from all wholesale supply points at the same price, or we can say that the LPG wholesale price is the same for any lifting from refineries, gas separation plants, and 5 PTT's depots in Lampang, Nakornsawan, Konkaen, Suratthanee, and Hadyai. In this regard, the government uses PTT as its regulating arm due to the fact that PTT is the biggest LPG producer in Thailand. The Department of Internal Trade, Ministry of Commerce considers LPG as necessity goods for Thai people, so LPG becomes a controlled commodity. Any LPG traders who would like to adjust their selling price, must submit the request for consent and approval from The Internal Trade Department.

Since late 2011, the government announced to restructure energy prices including the price of Natural Gas for Vehicle (NGV) as well as that of LPG. Since July 2011, industrial use was the 1st sector of which price has been gradually lifted. Followed by automotive use, its price has also gradually been lifted since January 2012. The raised portion of the prices is collected by LPG Traders including SGP and UGP and returned to the government oil fund.

As at the end of December 2012, the amount of raised portion of LPG prices were at 11.22 baht per kilogram and 3.04 baht per kilogram for the industrial and automotive uses consecutively. Currently, the price of industrial use is moving in line with the LPG world price.

In the year 2013, the government plan to lift LPG cooking price gradually by increasing the price baht 0.50 per month from September 2013 until the price reach baht 24.82 per kg.

In the year 2014, the government has increased LPG price as follow:





**On June 1, 2014**, the government announced to hold the LPG price lifting for cooking gas. This causes the price to stall in June instead of increasing by another baht 0.50 per kg. The cooking price is hold at baht 22.63 per kg.

**On October 1, 2014**, the government announced to lift the LPG price for automotive sector by baht 0.62 per kg from baht 21.38 per kg. to baht 22.00 per kg. by increasing the fee contribute to oil fund from baht 3.0374 per kg. to baht 3.6168 per kg. The lifting is aim to adjust the price to reflect real market price, reduce the cross category sale, reduce the oil fund burden, and reduce the oil fund contribution from gasoline user.

**On October 21, 2014**, the government announced to lift the LPG price for automotive sector by another baht 0.63 per kg. This causes the automotive LPG price increase from baht 22 per kg. to baht 22.63 per kg. The lifting is aim to reduce the cross category sale.

**On November 18, 2014**, the government announced to reduce the subsidy for LPG cooking gas and automotive gas by baht 0.4673 per kg. to reflect the real market price. This causes the LPG price increase by baht 0.50 per kg. , and lift the price from baht 22.63 per kg. to baht 23.13 per kg.

**On December 3, 2014**, the government has announced to lift the price of cooking and automotive LPG by another baht 1.03 per kg. This causes the LPG cooking and automotive to increase from baht 23.13 kg. to baht 24.16 per kg. to reflect the real market price.

**On April 4, 2015**, Energy Regulatory Commission approved new LPG price structure from April 2015. Due to the CP Saudi Aramco price (CP) in April is at USD 464 per ton, declined from previous month at USD 20 per ton while the exchange rate slightly depreciated. This resulted in the ex-refinery price which is a precursor price of LPG, using weight average cost at refinery and procurement to calculate, drop by baht 0.37 per kg. This brought the ex-refinery price down from baht 16.58 per kg. to baht 16.21 per kg. , and lead the retail LPG price to decline by baht 0.20 per kg. from baht 24.16 per kg. to baht. 23.96 per kg. In this regards, the government will collect baht 0.19 per kg. for energy stabilization fund as a reserve in the fluctuation time. (source: [www.eppo.co.th](http://www.eppo.co.th) )

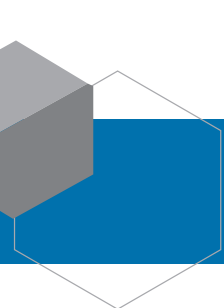
**On August 4, 2015**, Energy Regulatory Commission announced to reduce the retail LPG price for all sector by another baht 1.00 per kg. This causes retail LPG price decrease from baht 23.96 per kg. to baht 22.96 per kg.

**On September 8, 2015**, Energy Regulatory Commission announced to reduce the retail LPG price for all sector by another baht 0.67 per kg. This causes retail LPG price decrease from baht 22.96 per kg. to baht 22.29 per kg.

**On February 3, 2016**, Energy Regulatory Commission announced to reduce the retail LPG price for all sector by another baht 2.00 per kg. This causes retail LPG price decrease from baht 22.29 per kg. to baht 20.29 per kg.

In the future, LPG prices for all sectors including cooking sector in Thailand are likely to be deregulated and oil fund will no longer be used for the price subsidy. When the government deregulates LPG price or fully liberalizes LPG market in Thailand, the selling prices of LPG in Thailand will move along with the LPG world price, and reflect the real cost.

The possible consequence of LPG market liberalization may be risk of traders. Some traders may experience loss, reduced earning. On the other hand, some of them may have higher profit depending on the trend of the world price.



If LPG price rises and becomes much higher than any other fuels, some LPG users may consider to switch their energy source to others with lower cost. Thus, this may result in declining demand of LPG as well as less earning of LPG traders including us.

## **(2) LPG Free Trade Policy for domestic use**

According to the World Trade Organization (WTO) agreement related to the Free Trade, this may encourage large-scale foreign corporations with strong financial capability and technologies to enter the local market and result in higher competition.

However, those foreign investors or local ones may face some problems in doing LPG business as they are not familiar with market and have no experience in LPG business. Moreover, relations and networks would also be critical factors and their entrance barrier.

## **(3) Consumer and Environmental Protection Policy**

SGP and UGP are regularly required to get permits in constructing and commissioning their facilities, e.g. terminals, LPG filling plants, and LPG autogas stations from the government. This regulation is stipulated in order to ensure that all of LPG facilities meet safety standard required by the government. In this regard, all operations of SGP and UGP have been strictly complying with the government regulations. Therefore, all of our terminals, LPG filling plants, and LPG autogas stations are well maintained in good condition and meet the standards of the government at all time.

In the future, environmental issues and consumer rights will become more and more essential. Therefore, the government may legislate additional regulations in enhancing safer condition of using LPG for consumers and encourage environmental protection. This may impact our operating profits in the future. However, SGP and UGP, as major LPG operators, have been considered these issues as high priority, and the companies have continuously been developing their product quality and their operational practices to meet safety standard. The companies' LPG cylinders, storage

tanks, terminal facilities, LPG filling plants, and LPG autogas stations are safe and for consumers and environment as all these meet the standards and regulations stipulated by the government at all time.

## **(4) The government policy in encouraging NGV consumption**

Due to the continuous rising oil price, more people have switched to use LPG for their vehicles resulting in shortage of overall LPG local supply for the country, and the import of LPG is needed to fill up the gap. Therefore, the government encourages more Thai people to use NGV for vehicles with the reason being that NGV can be produced locally, NGV needs no import from other countries, and NGV helps reduce air pollution. Currently, the government has begun the program by starting to convert vehicles in the fleets of the government and state owned agencies, garbage trucks of the Bangkok Metropolitan Administration and mass transit vehicles to NGV, as well as launching a campaign to induce conversion in taxis. Also, the government targets to capture other potential segment of vehicles and to increase number of NGV service stations at the same time in order to meet the increase demand in the future. However, the companies has thoroughly considered the impact of such policy, and found that NGV has still lots of disadvantage and limitations comparing with LPG for example higher cost of imported NGV conversion kits, more complication in installing NGV system for vehicle, longer refueling time, and the total number of current NGV stations is 476 which is still far behind that of LPG which is 1,855 nationwide.

## **1.2 Risk from increasing number of LPG traders**

Considering domestic LPG consumption (excluding petrochemicals feedstock) in Thailand during 2002-2013, it increased from 2,096 tons in 2002 to 4,784 tons in 2013 or the average growth rate was 7.63%. However, if we consider the market growth during the past 5 years or since 2008, the average growth rate was even higher at 9.25%. This growth trend may induce new players or higher competition in domestic LPG market.



LPG Sales Volume during 2002-2016

Year	Sales Volume (million kilogram)	Growth rate (%)
2002	2,096	4.12
2003	2,147	2.40
2004	2,179	1.51
2005	2,357	8.15
2006	2,691	14.18
2007	3,058	13.65
2008	3,557	16.31
2009	3,483	(2.08)
2010	3,885	11.54
2011	4,294	10.53
2012	4,721	9.96
2013	4,784	1.33
2014	4,739	(0.01)
2015	4,419	(6.75)
2016	4,187	(5.25)

Source of data: Energy Policy and Planning Office

In 2016, domestic sales volume of LPG reduced by 5.25 percent from 4,419.0 million kilograms to 4,187 million kilograms when compared with 2015. The reason for reduction of sales volume of LPG during 2014-2019 was that requirements of LPG in automotive sector had drastically reduced because domestic oil prices have considerably reduced, so many LPG consumers for automotive use switched to use oil instead. In addition, the public sector has adjusted structure of domestic LPG prices to make them reflect LPG costs in the world market, hence, differences between LPG prices and oil prices did not as high as they were in the past.

In year 2010 - 2016, there were 10 new LPG traders under section 7 of Fuel Trade Act, B.E. 2543 entering the market. Most of them have converted themselves from owners of LPG auto-gas stations to LPG traders by complying with regulations and requirements, and meeting specific qualification prescribed by the Ministry of Commerce, for minimum registered capital of 50 million baht, and having a minimum working capital of 100 million baht, having storage tanks to keep with minimum reserved balance inventory of 0.5 % of total annual sales, and minimum annual trade (by means of import, procurement, refining, production, or acquisition) of 50,000 tons. However, the new LPG



traders need to use capital to invest in creating their brand awareness, competing with the existing traders, as well as meeting the new required reserve balance of 1.0 % of annual sales by law effective from September 1, 2011. In this regard, the new LPG traders need double capital in obtaining the additional inventory. However, if the new LPG traders want to play in the cooking segment, they also need to invest in their new 1 million LPG cylinders at minimum for circulation in the market which requires a large amount of investment not less than a billion baht. These requirements are considered as barrier to entry of Thailand LPG market.

### 1.3 Risk from Safety of LPG cylinders

LPG is flammable, so LPG explosion is dangerous and can cause damage to properties and injuries to people. SGP and UGP, as LPG traders and owner of filling plants are liable to any damage of incidents, so this probably has an impact on the corporate image.

Not only following strictly the laws and regulations, SGP and UGP also provide a cylinder inspection unit in order to sort out damaged and unusable cylinders from the circulation. SGP also hires the independent third party who is an expert in cylinder inspection together with officers from the Department of Energy Business to inspect SGP's and UGP's cylinders in order to ensure that all cylinders circulating in the market are in safe condition. For the past 5 years, SGP and UGP have never experienced any problems or incidents caused by the cylinders, so SGP is quite confident that the risk from safety of cylinders is little.

### 1.4 Risk from Accidents in LPG Terminals, LPG Filling Plants, and LPG Auto-gas Stations

SGP and UGP have their own LPG terminals, LPG filling plants, and LPG auto-gas stations which are considered as assets of SGP and UGP as follows:

**Table of Assets of SGP and UGP – LPG Terminals, LPG Filling Plants, and LPG Auto-gas Stations**

(Unit : Sites)

	SGP	UGP	Total
LPG Terminal	6	2	8
LPG Filling Plant	25	16	41
LPG Auto-gas Station	44	-	44

Remarks : As of December 31, 2016, SGP had 28 filling plants which were company owned - company operated type (COCO) and rented out the other 13 sites to third party or agents to operate or company owned - distributor operated type (CODO).

However, the processes of LPG cylinder manufacturing are required to meet or comply with the Thai Industrial Standard (TIS) which are stipulated by the Thai Industrial Standard Institute (TISI), Ministry of Industry. Moreover, the Department of Energy Business, Ministry of Energy requires LPG traders to have their cylinders undergone hydrostatic pressure test every 5 years. And every 10 years, each cylinder has to undergo both cylinder hydrostatic pressure test and cylinder expansion test. If any cylinders do not pass the test, they will be no longer usable and need to be scrapped. Therefore, SGP considers the risk from LPG cylinders safety is minor.

In case there is any accident in the LPG terminals, LPG filling plants, or LPG auto-gas stations of SGP and/or UGP, it may cause a negative impact on the corporate image.

However, SGP and UGP strictly design and set standards on construction specifications by following the requirement or regulations of the government. Also each single construction project must be approved by the Department of Energy Business, Ministry of Energy. Moreover, SGP and UGP have insured the property including LPG terminals, LPG filling plants, and LPG auto-gas stations to reduce risk from their operations. The insurance also has coverage for third party.



Therefore, SGP and UGP will be able to minimize their liability from the accident. The total insurance coverage is 1,452.64 million baht.

For other filling plants that SGP rents out to the agents, SGP and UGP have written specific clauses in the contract that any damages or losses to the property, third party, and environment caused by operations of the agents, all liabilities are responsible by the agents.

### 1.5 Risks from Transportation of LPG

SGP and UGP have their own fleets of road tanker and vessel tankers to transport petroleum, LPG, ammonia, as other petrochemicals products which are operated under SGP's 2 subsidiaries, i.e. LCR and SLM. In addition, UGP of which its core businesses are to operate LPG, ammonia and other petrochemical products distribution business also has its own fleets of LPG road tankers. Therefore, SGP and UGP have risk exposure from unexpected accidents that may affect SGP's corporate image or the group's business operations.

However, all of the 2 subsidiaries above who operate the fleets are registered as Fuel Transportation Providers with licenses granted by the Department of Energy Business. All of the vehicles including petroleum road tankers, LPG road tankers, ammonia road tankers, petroleum vessel tankers, LPG vessel tankers, and ammonia vessel tankers are legally licensed and regularly inspected by the Department of Land Transport, and the Marine Department. All truck drivers and vessel crew members must be regularly trained by in-house trainers, and obtain their licenses from the

Department of Energy Business. This practice will improve their competency and operational skills in such a way to ensure safe operations and their strictly compliance with the laws and regulations. Moreover, the subsidiary transportation companies have insured all of their 23 vessel tankers (Total book value of 23 vessels as at December 31, 2016 was 1,745.51 million baht). Total sum insured in case of damage were 1,541.75 million baht. The Company has purchased insurance coverage for all vessels and also for all of their 332 road tankers for petroleum, LPG and ammonia which also have liability coverage for third party. In this regard, SGP would be able to minimize loss from accidents or unexpected incidents from these vehicles.

### 1.6 Risk from being unable to renew land leasing contract for Satupradit Terminal

All LPG terminals of SGP and UGP are situated on their own estates, except for the piece of land under leasing contract where Satupradit Terminal is situated. If the land lord of Satupradit Terminal does not renew the contract, SGP's operation will be interrupted and its business will be impacted as Satupradit Terminal is the strategic facility and the only terminal of SGP which is located in Bangkok Metropolitan. This is considered as a competitive edge of SGP being the center in distributing LPG to high consumption market in Bangkok, and peripheral areas. Moreover, Satupradit Terminal is not too far from refineries and gas separation plant in Sriracha and Rayong, and the express-way access is close, so carrying LPG from the supply sources and land distribution LPG to customers are convenient.

The leasing contract is on is a 3-year term recently expiring on December 31, 2016. However, the contract was renewed and extended to 3 more years and it will expire on December 31, 2019.

Therefore SGP's mitigation to reduce this risk and to meet the future growing business was the acquisition of a 89-3-40 rai piece of land in Phrapradaeng district, Samutprakarn province in 2008 for constructing new jetty and LPG terminal. SGP has passed the environmental impact assessment (EIA) for construction since November 2010, and approved to construct LPG tank in December 2015. The Company started operating the Terminal in November 2016. In the initial stage, it can supply LPG to road tankers only.

### 1.7 Risk from the volatility of the world price of LPG

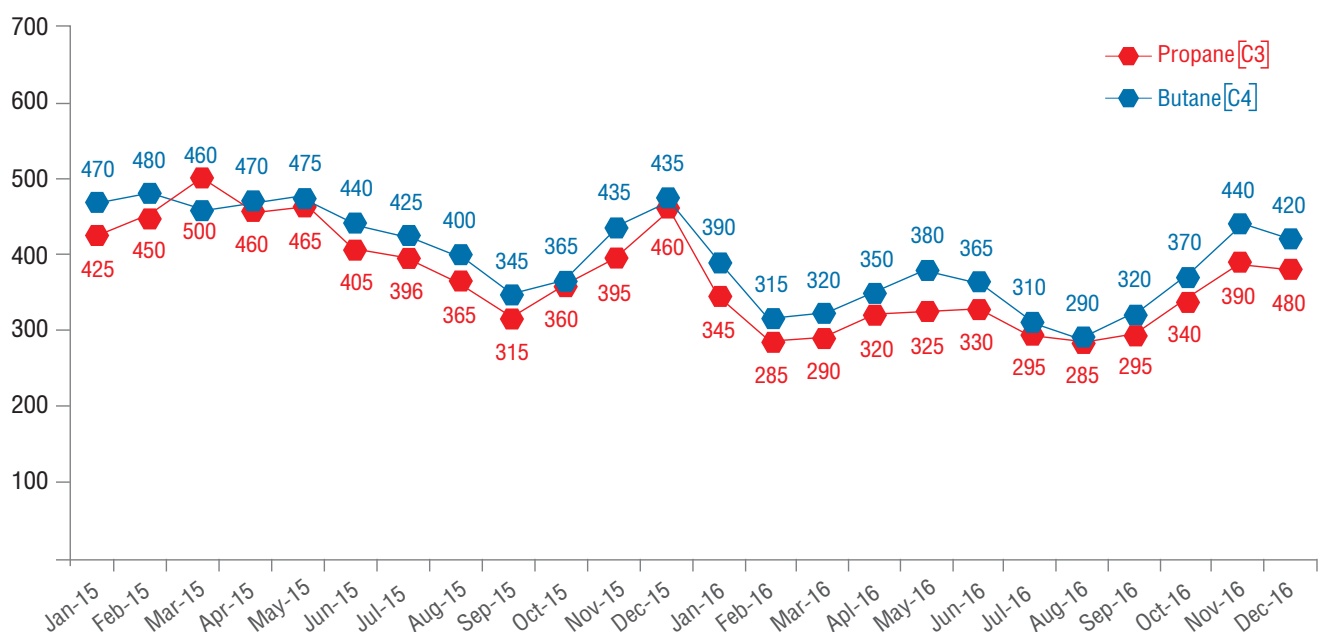
The supply cost and the selling price of LPG that SGP and its subsidiaries trade in overseas markets are moving along with the LPG world price. Recently, the LPG world price was moving in high volatility fashion resulted by the factors beyond control of SGP, and

unavoidably affected SGP. The major factors that had impact on the volatility of the LPG world price were as follows:

- Global and regional economic situations
- Demand, supply, and reserved volume of LPG in global market
- Movement of crude oil price
- Political stability of major petroleum producers and exporters, especially those in the middle east
- Climate changes
- Competition of substituted energy

The management of SGP had a mitigation policy to manage the risk of LPG supply cost and selling price by entering the purchase and sales agreement with its business partner by fixing price, volume and period as appropriated and to be in line with its business plans. Inventory has been managed to make them adequately for supply in the following month without stocking them in order to reduce risks from changing of LPG prices in the world markets which have been changed every month.

### Information on changes of LPG prices by based on world markets from 2015-2016





### 1.8 Risk from investment in overseas businesses

The company has an investment plan in overseas energy businesses with main objective to expand its business as well as its long term growth. At present, the company has continuously been invested in business overseas, especially in the countries where SGP has never had businesses. Therefore, there may be risks in such investment involved with the following factors:

- Economic situation of the target countries, including that of their trading partners
- Changes in Government Administration of the countries resulting in policy favoring foreign investment, laws, tax regulations, and others related to investment
- Volatility of foreign currency exchange rates
- Know-how of investment & business operations in certain countries
- Investment in green-field projects may need tremendous capital of investment and takes longer time in development as well as longer pay-back period.

In order to mitigate such risk, the company has a policy in performing research and analysis in laws, regulations, government's policy, taxes, and other factors said above in order to derive the assessment of possible impact on the business to be invested, and apply the assessment results in business feasibility and investment project justification. Regarding the post investment period, the company has set up the system in continuous monitoring the project performance as well as its ongoing risks factor. Moreover, the company has been developing

its capability and personnel competencies in order to meet its expansion and future investment in foreign countries.

## 2. Financial Risks

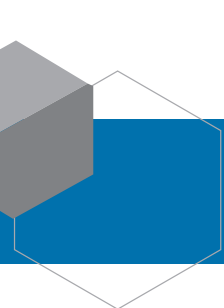
### 2.1 Financial risk factors

SGP and its subsidiaries are exposing to various financial risks such as effect of changes in foreign currency exchange and changes in interest rates. The overall risk management plan of the company related to its finance is to emphasize in the volatility of foreign exchange and to explore effective measures in mitigating risks. The company also selectively considers financial derivatives as tools in reducing risks as appropriate.

The company risk management is performed by the central financial management (Group's financial management) in line with the policy approved by the Board of Directors. The group's financial management team has duties to raise issues, assess, and mitigate risks with close coordination with other functions.

### 2.2 Risk from foreign currency exchange

The risks from foreign currency exchange are caused by the movement of foreign currency exchange rates which have impact on the company's and its subsidiaries' financial results this year and the followings. The company and its subsidiaries did not enter into the foreign currency hedging contracts as the impact of changes in foreign currency exchange did not have significant effect



on the company's asset and liability in foreign currency. The exchange risk can be separated into two major parts which are

1. The Company sell LPG to customer outside the group through SGT which is a company wholly owned subsidiary. The Company does not expose to currency exchange risk because both purchase and sell transaction are in US dollars currency.
2. The Company sell LPG to subsidiaries in the group through SGT. (not include Thailand since the Company in Thailand procure LPG from Thai gas separation plant) SGT sells LPG to other subsidiaries in US dollar currency while the subsidiaries in foreign countries sell LPG in local currency. In 2016, SGT's revenues from sales of LPG to companies within the group were approximately 41.04 percent of total revenue of the group of companies. Thus, when the subsidiaries pay for LPG price to SGT, they have to exchange local currency to US dollar. This lead to currency exchange risk. Nonetheless, the finance department monitors and manages the currency exchange in the group to maximize the highest benefit to the group.

### 2.3 Risk from fluctuations in interest rates

Financial cost had classified into 3 main parts which are debenture, short-term loan and long-term loan. Short-term loan had fixed rate of interest; therefore, it does not affect if interest rate changes. Long-term loan has both fixed and floating interest rate. The proportion of long-term loan with floating interest rate of company's group is 7.9 percent of loan in foreign currencies. In addition the group has partially entered into an interest rate swap contract to reduce risk from interest rate fluctuation and mitigate interest rate risk.

### 2.4 Risk from Unable to comply with a financial institution

The loan agreement between company and financial institution had conditions such as maintain of financial ratio which company must follow or might have to receive consent from lender prior

to enter into some transaction including incremental loan, capital reduction, change of capital structure, adjust or change plan to use capital, expand business, providing guarantees, mergers or acquisitions of other companies etc.

Currently the only loan agreement which the company has to comply as mention above is loan for purchasing vessels under SLM. SLM must comply with the requirement such as maintain of financial ratio, company must receive consent from lender before enter into transaction and etc. Currently, SLM can comply with all requirement from financial institution and according to agreement of financial institution, SLM can maintain financial ratio under the agreement.

### 2.5 Risk from debt with financial institution

At the end of December 31, 2016, the company had debt with financial institution totally 3,099 Million Baht which divided into 2 parts. First, a secured debt was 851 Million Thai Baht which equal to 2.98 percent of total asset. Second, the remaining was short-term loan. A secured debt was less than total assets; therefore, if necessity, the company will have sufficient cash flow for repay to bondholders by selling company's assets.

## 3. Risk from Business Management

### 3.1 Risk from having a group of shareholders holding more than 75% shares

As at August 26, 2016, the Weeraborwornpong Group was the major shareholder holding 61.25% of the total paid-up capital. This made the Weeraborwornpong Group have collectively control and influence on SGP decisions which required the consents from the shareholders' meeting, except for the regulations or the articles of association require the three fourths votes of from the shareholders' meeting. Therefore, the other shareholders have the risk of being unable to collect sufficient votes to check and balance the matters proposed for the shareholders' consideration by the major shareholders.





However, SGP has appointed 3 nonexecutive members on the board of directors, and 3 of them are independent directors and members of audit committee, and the other one is a non-executive director out of all of total 8 company's directors in order to have check-and-balance power over the management, to consider the agenda proposed to the shareholders' meeting, and to scrutinize performance of the directors or the management members who represent the major shareholders.

Remark : 1. General Chaisit Shinawatra has resigned from being the Director and the Chairman on May 12, 2016, hence there are 8 directors in total.

### 3.2 Risk of impact from the subsidiaries' operational performance

The group or consolidated performance of SGP does not only rely on SGP's performance itself, but also the subsidiaries' performance. If any of the subsidiaries are facing problems in their operations, the overall performance will be affected especially in the consolidated financial result

The group has solid measures and guidelines in policy-making of SGP as well as its subsidiaries in order to control and audit operations of the subsidiaries by appointing SGP's representatives to be members of the board of directors. These representatives will work in the interest of SGP and help protect SGP's benefits. Under SGP's measures, the 3 independent directors and members of the audit committee of UGP are the same of those of SGP's in order to ensure that all the group members are working in the common direction toward to efficiency maximization in cost and operational management.





## Company Information







**Name :** Siamgas and Petrochemicals Public Company Limited

**Initial :** SGP

**Major Businesses :** Energy Providing Businesses :

- 1 ) Trading and distribution of LPG, Ammonia, and other petrochemical products
- 2 ) Transporting LPG and other petroleum products
- 3 ) Manufacturing and distributing LPG cylinders
- 4 ) Manufacturing and distribution ethanol
- 5 ) Retail distribution of gasoline
- 6 ) Container terminal service
- 7 ) Joint venture

**Head Quarter Address :**

553 The Palladium Bldg 30<sup>th</sup> Fl., Ratchaprarop Road, Makkasan, Ratchathewi, Bangkok 10400 Thailand

**Registered Number :** 0107548000650

**Telephone :** +662 120 9999

**Fax :** +662 250 6008

**Web Site :** www.siamgas.com

**Registered Capital :** 918,931,500 baht  
(As of December 31, 2016)

**Common Shares :** 918,931,500 shares

**Par Value :** 1.00 baht/share

**Paid-up Capital :** 918,931,500 baht  
(As of December 31, 2016)

#### 1) Registrar

**Name :** Thailand Securities Depository Company Limited

**Address :** SET Building  
93 Ratchadaphisek Road, Klongtoey, Bangkok 10400

**Telephone :** +662 009 9000

**Fax :** +662 009 9991

#### 2) Trustee - None -

#### 3) Auditor

**Name :** PricewaterhouseCoopers ABAS Limited

**Address :** 15<sup>th</sup> Floor Bangkok City Tower  
179/74-80 South Sathorn Road, Bangkok 10120

**Telephone :** +662 344 1000

#### 4) Financial Advisor

**Name :** Advisory Plus Company Limited

**Address :** 10<sup>th</sup> Floor Thanapoom Tower  
1550 New Petchburi Road, Makkasan, Rachathewi, Bangkok 10400

**Telephone :** +662 652 7859-64

**Fax :** +662 652 7867

#### 5) Frequently use Financial Institution

Krungthai Bank Pcl.

35 Sukumvit rd. N. Klongton Vadhana Bangkok 10110

UOB bank Pcl.

191 South Sathorn rd. Bangkok 10120



# Capital Structure

## 1. SGP's Securities

As of December 31, 2016, SGP had registered and paid-up capital of 918,931,500 baht consisting of 918,931,500 common shares at 1 baht per share.

## 2. SGP's Equity Structure

As of August 26, 2016, the major shareholders are as follows:

No.	Shareholder's Name		Shares	%
1.	Weeraborwornpong Family			
	Mr.Worawit	Weeraborwornpong	441,881,599	48.09
	Mr.Supachai	Weeraborwornpong	50,871,000	5.54
	Mrs.Patchara	Weeraborwornpong	50,000,000	5.44
	Ms.Pacharawadee	Weeraborwornpong	20,000,000	2.18
	Total shares held by Weeraborwornpong family		562,752,599	61.25
2.	UOB KAYHIAN PRIVATE LIMITED		74,828,400	8.14
3.	Thai NVDR Co.,Ltd.		24,239,295	2.64
4.	Mrs. Jarunee	Chinwongworakul	16,925,700	1.84
5.	Mr. Sukajin	Juengsakul	8,560,000	0.93
6.	Mr. Kieat	Srijormkwan	7,541,600	0.82
7.	EAST FOURTEEN LIMITED-DIMENSIONAL EMER MKTS VALUE		7,047,500	0.77
8.	Mr. Niti	Vanichrattikan	6,910,000	0.75
9.	Miss Warangkana	Kamolthip	6,050,100	0.66
10.	HSBC (SINGAPORE) NOMINEES PTE LTD		5,841,900	0.64
	Total		720,697,094	78.44

Source: The Stock Exchange of Thailand

## 3. Issue of other securities

### A) Debenture bond

#### 1<sup>st</sup> Time:

Total value of debenture bonds is 1,300.0 million baht. They are rated at BBB (affirmed by TRIS Rating)

#### Type of debenture bond:

Unsubordinated, unsecured debenture bonds with bond holding representatives.

#### Offered date:

January 27-29, 2014

3 years bond	1 <sup>st</sup> -3 <sup>rd</sup> year interest rate	5.20% p/a	Maturity date	Jan 30, 2017
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## 2<sup>nd</sup> Time :

Total value of debenture bonds is 2,000.0 million baht.  
They are rated at BBB (affirmed by TRIS Rating)

## Type of debenture bond :

Unsubordinated, unsecured debenture bonds with bond holding representatives.

## Offered date :

January 26-27, 2015 for institution investors and/or investors who are holder debenture bond 1st time of year 2012 set No.2 of Siam Gas and Petrochemicals Public Co., Ltd. that maturity date on year 2015 (Debenture bond No. SGP152A)

January 28-29, 2015 for institution investors and/or investors whether holder debentures bond No. SGP152A or not.

3 years bond	1 <sup>st</sup> -3 <sup>rd</sup> year interest rate	4.70% p/a	Maturity date	Jan 30, 2018
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## 3<sup>rd</sup> Time :

Total value of debenture bonds is 3,000.0 million baht.  
They are rated at BBB (affirmed by TRIS Rating)

## Type of debenture bond :

Unsubordinated, unsecured debenture bonds with bond holding representatives.

## Offered date :

January 28-29, 2016 for institution investors and/or investors who are holder debenture bond 1st time of year 2012 set No.3 of Siam Gas and Petrochemicals Public Co., Ltd. that maturity date on year 2016 (Debenture bond No. SGP162A)

February 1-2, 2016 for institution investors and/or investors whether holder debentures bond No. SGP162A or not.

3 years bond	1 <sup>st</sup> -3 <sup>rd</sup> year interest rate	4.30% p/a	Maturity date	Feb 3, 2019
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## B) Bill of Exchange

As of December 31, 2016, Siam Gas and Petrochemicals Public Co., Ltd. has outstanding Bill of Exchange with issue term not over 270 days amount baht 570 million.

# Dividend Policy

The Company has policy of paying dividend to shareholders at no less than 40% of net profit according to the Company's separate financial statement after deduction of corporate income tax, legal reserve and other reserves. However, the Company may pay the dividend less than the above



rate, depending on operating results, financial position, liquidity and the necessity of working capital use for business expansion and other factors relating to the business operation and management as the Board of Directors and/or the shareholders deem appropriated.



# Management







## 1. Board of directors

Management structure of the company as of December 31, 2016 consists of Board of Director, Executive Board and Risk

Management Committee and audit committee. The Board of Director and executives of the company are qualified according to the regulations stipulated by SET and SEC.

Name	Position
1. Mr.Worawit Weeraborwornpong	Chairman
2. Mrs.Patchara Weeraborwornpong	Director
3. Mr.Supachai Weeraborwornpong	Director and Managing Director
4. Mr.Suttipong Vasuvanichphan	Director
5. Mr.Somchai Korprasobsuk	Director
6. Mr.Viroj Klangboonkrong	Independent director and Chairman of audit committee
7. Mr.Harn Chiocharn	Independent director and Audit committee
8. Mrs.Sudjit Divari	Independent director and Audit committee

Mrs. Jintana Kingkaew is a Company Secretary.

**Remark :** General Chaisit Shinawatra has resigned from being the Director and the Chairman on May 12, 2016, the Board of Director appointed Mr. Worawit weeraborwornpong to be the Chairman.

## The Company's authorized signatories

The Company's authorized signatories are any two of Mr.Worawit Weeraborwornpong, Mrs. Patchara Weeraborwornpong, Mr.Supachai Weeraborwornpong, Mr.Suthipong Vasuvanichphan, Mr.Somchai Korprasobsuk sign jointly with the Company's seal affixed.

Detail of Board attendance in the year 2016

Name	2015		2016	
	No. of meeting	No. of attending	No. of meeting	No. of attending
1. Gen.Chaisit Shinawatra <sup>1/</sup>	4	3	6	3
2. Mr.Worawit Weeraborwornpong	4	4	6	5
3. Mrs.Patchara Weeraborwornpong	4	4	6	6
4. Mr.Supachai Weeraborwornpong	4	3	6	5
5. Mr.Suttipong Vasuvanichphan	4	4	6	6
6. Mr.Somchai Korprasobsuk	4	3	6	6
7. Mr.Viroj Klangboonkrong	4	4	6	6
8. Mr.Harn Chiocharn	4	4	6	6
9. Mrs.Sudjit Divari	4	4	6	6

**Remark:** <sup>1/</sup> General Chaisit Shinawatra has resigned from being the Director and the Chairman on May 12, 2016

<sup>2/</sup> From January 1, 2016 – May 12, 2016, There are three board meeting in which General Chaisit Shinawatra attended all the three meetings.

## 2. Audit Committee

The Audit Committee has been delegated by the Board of Directors to responsible for auditing the quality and reliability of accounting system, internal audit, and financial reporting process.

Audit committee for the company composed of 3 persons which are :

Name	Position
1. Mr.Viroj Klangboonkrong	Chairman of audit committee
2. Mr.Harn Chiocharn	Member of audit committee
3. Mrs.Sudjit Divari <sup>1</sup>	Member of audit committee

By having Mrs. Chantira Srimoungpan is the secretary to the audit committee

*Audit Committee who has adequate knowledge and experiences to audit financial statement of the Company*



## 3. Executive Board

The Executive Board consists of four persons as following :

Name	Position
1. Mr.Worawit Weeraborwornpong	Chairman of the Executive Board
2. Mr.Supachai Weeraborwornpong	Member of Executive Board
3. Mrs.Patchara Weeraborwornpong	Member of Executive Board
4. Mr.Suttipong Vasuvanichphan	Member of Executive Board



#### 4 Risk Management Committee

On November 14, 2016, the Board of Director meeting no. 6/2016 has appointed Risk Management Committee members compose of 12 members as follow:

Name		Position
1. Mr. Supachai	Weeraborwornpong	Chaiman
2. Mrs. Jintana	Kingkaew	member
3. Mr. Somchai	Kor-prasobsuk	member
4. Mr. Winai	Krajangyao	member
5. Mrs. Wansiri	Pakamathawee	member
6. Mr. Wirat	Jaruchai	member
7. Mr. Methawin	Mekchai	member
8. Mrs. Piyachai	Wetch	member
9. Mr. Choosit	Srisubun	member
10. Mr. Thitipong	Chidacha	member
11. Mr. Adisorn	Chackaew	member
12. Mrs. Supattra	Srisubun	member

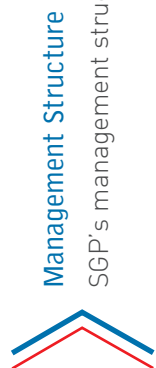
Mr. Watcharapong Jittapirom is a Risk Management Committee secretary.

#### 5. Management

As of December 31, 2016 management of the company has 5 persons as following :

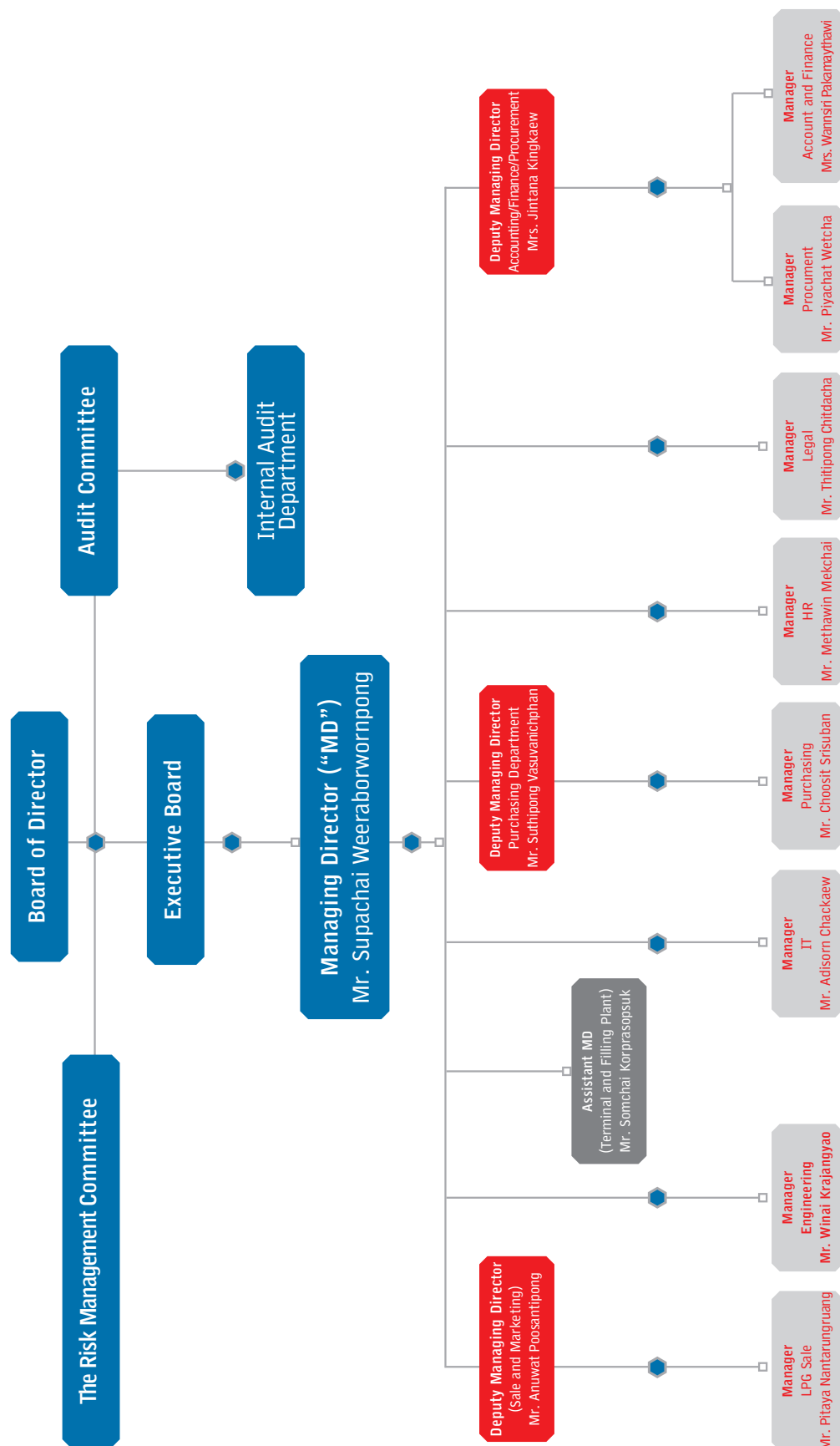
Name		Position
1. Mr. Supachai	Weeraborwornpong	Managing Director
2. Mr. Suttipong	Vasuvanichphan	Deputy Managing Director – Purchasing
3. Mr. Anuwat	Phoosantipong	Deputy Managing Director – Sale and Marketing
4. Mrs. Jintana	Kingkaew	Deputy Managing Director – Accounting and Financial/Procurement
5. Mr. Somchai	Korprasobsuk	Assistant Managing Director – Terminal / Filling Plant

# SGP's Management Structure



## Management Structure

SGP's management structure as of December 31, 2016



## 6. Company Secretary

The Board of Directors has resolution to appoint Mrs. Jintana Kingkaew as the Company Secretary on August 8, 2008.

## 7. Director and Management Remuneration

### (1) Financial Remuneration

#### (a) Director

The resolution of the shareholders in the year 2016 as of April 21, 2016 annual general meeting has approved the remuneration for Board of Directors and Audit Committee as follow:

	Meeting allowance (baht/person/time)	Annual remuneration
Chairman	10,000	3,216,230
Chairman of Audit Committee	10,000	804,058
Audit Committee	10,000	804,058
Director	10,000	-

The Company does not have any remuneration for other sub-committee such as Executive Board

		2015		2016	
Meeting allowance (baht)		Director	Audit Committee	Director	Audit Committee
Gen.Chaisit	Shinawatra <sup>1/2/</sup>	30,000		30,000	
Mr.Worawit	Weeraborwornpong	40,000		50,000	
Mrs.Patchara	Weeraborwornpong	40,000		60,000	
Mr.Supachai	Weeraborwornpong	30,000		50,000	
Mr.Suttipong	Vasuvanichphan	40,000		60,000	
Mr.Somchai	Korprasobsuk	30,000		60,000	
Mr.Viroj	Klangboonkrong		200,000		230,000
Mr.Harn	Chiocharn <sup>2/</sup>		200,000		230,000
Mrs.Sudjit	Divari <sup>2/</sup>		200,000		230,000
<b>Total</b>		<b>210,000</b>	<b>600,000</b>	<b>310,000</b>	<b>690,000</b>

Note : <sup>1/</sup> Company remunerate annual allowance to Gen. Chaisit Shinawatra amount baht 3,216,230 in year 2016

<sup>2/</sup> General Chaisit Shinawatra has resigned from being the Director and the Chairman on May 12, 2016 and the Company remunerate annual allowance up until May 12, 2016 amount baht 1,175,826.

<sup>3/</sup> Company remunerate annual allowance to audit committee amount baht 804,058 per person in year 2016

## (b) Executives

Remuneration (baht)	2015	2016
Total persons	7	7
- salary	40,198,092	41,857,440
- bonus	6,480,185	3,488,120
- Provident fund	1,285,736	1,325,243
- Other	118,500	117,000
<b>Total</b>	<b>48,082,513</b>	<b>46,787,803</b>

## (2) Other compensation

- None -

## 8. Staff

Number of employees as of December 31, 2016 SGP and UGP have number of employees (not including executives) total 1,245 employees

### Employees to other subsidiaries

As of December 31, 2016, total staff of a group of subsidiaries is 1,167 persons.

### Employee remuneration (excluding executive)

In year 2016 the company paid compensation to employees 2,412 person total amount of 728.90 million baht as compensation in salary, fund, allowances, bonus and others.

### Provident fund

The company has established the provident fund from April 2006 with objectives to build morale and encouraging to the employees and to motivate them to work with the Company for a long term.

### Human resource development policy

The company realized the important of employees because the appropriate knowledgeable for employee and working position are the main mechanism in successful of organization. Therefore, the Company provides the employees to have knowledge, skill and experience to use in work efficiently. The Company set up several internal staff trainings for different staff levels to train staff regularly.

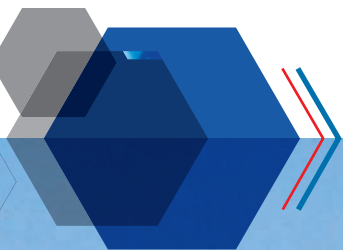




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# Corporate Governance





## 8.1 Policy on Corporate Governance

The Board of directors recognizes the roles and responsibilities under the authority delegated by the shareholders to manage the Company efficiently and transparently. This is to build the confidence to all stakeholders. The company conducts business under the principles of good corporate governance as follow.

### Section1 The right of shareholders

Company recognizes and focuses on basic right of shareholders as an investor in securities and owner such as right to buy and sell, transfer the securities, the right of receiving returning profit from the company, the right to receiving the adequate information of company, right in the shareholder's meeting in giving opinion and also making decision in something important such as providing dividend, the appointment or removal directors, appointment of auditors, the transaction which is important and affect the direction of business, the amendment of article of association, regulation of company etc.

In addition to the above fundamental rights, to company has operation in various to enhance and facilitate to using the right of shareholders as following:

1. The company will provide for the annual general meeting each year, it will be held within four months after the ended-financial statement. In each meeting, the company will provide the meeting invitation with the information attached in the meeting book as in occasion for shareholders to receive advance notice before the meeting seven days and announcement in the report printed on pre-meeting for three consecutive days before the meeting date, each agenda meeting is opinion of the Board of Directors.
2. In case the shareholders cannot attend the meeting by themselves, the company open an opportunity to the shareholders to give authorize to independent directors or any person as an proxy to attend the meeting on their behalf by using proxy form sent to each shareholder together with a meeting notice.
3. Before the meeting date, the company invites the shareholders to give opinion and ask questions in advance of meeting day
4. In the meeting, company opens an opportunity to shareholders to questioning and giving opinion to the meeting in any topic with equalization. In the shareholders' meeting, there are directors and executives who related o attend the meeting to answer in the meeting, including there are recording questioning and important opinion in the meeting report for shareholders to check it out.
5. After the meeting finished, the company shall prepare the meeting report by displaying the data correctly so that shareholders can review.



## Section 2 The equality treatment of shareholders.

Company's policy is to create equality happen to shareholders in all segments. In each conducting shareholders' meeting, the company will provide the opportunity for shareholders equally to all. Before the meeting started, Chairman will provide important information to shareholders i.e. the introduction the directors, executives, and related to the attending. The chairman of the meeting announced for opening the meeting by inform the total number /proportion of shareholders and who received the authorized from the shareholders, who attend the meeting. The chairman informs the practical way in voting and counting the vote to the shareholder before voting time. Shareholders are able to vote evenly.

The meeting is conducted in accordance with company regulations, as respectively agenda. There are proposed details in each agenda. There are showing data into consideration explicitly and will not promote the agenda of meeting without report to shareholders prior notice.

The only important agenda that shareholders need to take education information before making decision. In the event that shareholders cannot attend the meeting in person, the company open the opportunity to shareholders can appoint independent directors or any person to be proxy in their attending by any proxy form that the company sent along with meeting letter.

## Section 3 The role of stakeholders

The company has focused on the right of all interested groups, whether they are internal stakeholder such as employees, executives of the company or external stakeholder such as competitor, customer etc. The company recognized that supporting and commenting from all stakeholders will be advantage for the operation and development of the business,

Therefore, the company will practice as law and regulation determined related the right of such stakeholders with well care, besides, the company encourage to corporate between companies and group of stakeholders to secure for the company under the following guideline.

Shareholder: the company is committed to better represent the shareholders in business to create maximum satisfaction for shareholders by taking into account of the growth of value of company in long-term and actions reveal information in a transparent and credible.

Employee: the company recognized the importance of employees. This is a valuable resource of company. It aims to support the capacity development of human resources for maximum benefit. The company also encourage employees to participate in well creating corporate culture and team building and the atmosphere felling safe at work.

Competitors: the company will comply to competitor in a frame of fairly rule by keeping standard of practical to the competitors.

Clients: the company committed to meet and serve goods for satisfaction and confidence to customers. The company will comply with requirement of laws and regulations related to the right of stakeholders to be taken care well.

## Section 4 Disclosure and transparency

Board of Directors recognized the important of sharing information, including financial data, general information in an accurate and complete and transparent, equitable , and time manner accordance with the rules of SEC and SET(Thailand) and other key information affecting the company's stock price , which all influence process in a decision making of investors and stakeholders of the company. The company has disclosed the information technology of company to shareholders and investors and public via media and publishing information of the stock exchange of Thailand and the company's website is [www.siamgas.com](http://www.siamgas.com)







In the part of investors related to the company have not set up investor relation department to communicate with institution of investors, shareholders and also analyst and government related.

Board of Directors is responsible for consolidated financial statement of the company and its subsidiaries and financial information appearing in the annual report. Such financial statement prepared in accordance with general accepted accounting standard in Thailand by selection of appropriate accounting policies and compliance on a regular basis as well as disclosure adequate in the financial statement which in this audit committee will review the quality of reporting of financial and internal control systems, including, adequate disclosure of important information in the notes of financial statement.

## Section 5 Responsibilities of the Board of Directors

### 5.1 Board Structure

Directors of company composed of persons who have knowledge, ability, with important role in determined the policy and overall picture of the organization and play an important role in monitoring and supervision, evaluation of operation to be as planned independently.

Structure of Board of Directors consists of 3 non-executive, of which three are independent directors, resulted in the ability to balance the power in any decision making. Moreover, 3 members of the audit committee, who are all independent, shall responsible for the business performance review.

Currently, Board of Directors composed of eight directors, 3 are non-executive and feature 3 members of independent directors and 5 are executive board. The article of company requires that the annual general meeting, one-third of the directors, or if the number of directors is not a multiple of three, then the number nearest to one-third must retired

from office. The directors retiring from office in the first and second year after the registration of the Company shall be selected by drawing lots. In subsequent years, the director who has held office longest shall retire. A director who vacates office under this section may be re-elected.

In addition, the Board of Directors has appointed various sub-committee such as audit committee and executive board and Risk Management Committee to do the specific duty and propose the topic to the Board of Directors to considered or acknowledged. The sub-committee have right and duty as set forth in authority.

The company has divided roles for responsible between Board and executives as clearly by the Board of Directors acted in policy formulation and monitoring of the executive level's operation while the executive function in the management areas in accordance with the policy. Therefore, the Chairman of Board of directors and managing director is not the same person by both position have been selected by the Board to ensure that individuals are the best appropriate.

The company has secretary of the Board which will provide advice on regulation that Board of Directors must know and follow to in charge of activities of the Board, including with co-ordination to compliance with the resolution of committee.

### 5.2 Role, Duties, and Responsibility of the Board of Directors

The Board of Directors follow the code of conduct guidance from Stock Exchange of Thailand. The Board of Directors understand the role, duties, and responsibility and will comply with the law, objective article of association and shareholders' resolution. The Board of Directors will work for the company benefit and will monitor the management to manage under the policy and plan within the approving budget for the best benefit of the company and shareholders.

### 5.3 Conflict of interest policy

The Board of Directors has set up conflict of interest policy to avoid the Company, subsidiaries, or related persons to approve any transaction which they have conflict of interest. The board of directors will follow the rule and regulation under the Securities and Exchange act or acquisition and disposal notification and disclosure of information regarding connected transaction notification.

The audit committee will inform the Board of Directors on connected transaction and conflict of interest in which the Board of Directors will consider the appropriateness and practice under the rule of stock exchange of Thailand. The connected transaction will be disclosed in the annual report and annual statement (Form56-1)

### 5.4 Internal control system

The company gives priority to internal control system both in executive level and practical operation level. Therefore, the company set up the duties, authority in operation to the employees and executives in written notice. This includes the controlling usage of company asset to be beneficial. The operational duties were separated in monitoring and evaluation of control from each other. The company has appointed internal audit department to monitor the internal control system. The internal audit set schedule to audit the operation of depot and filling plant at least once a year. This is to ensure the effectiveness of internal control

### 5.5 The Board of Director meeting

The company has a policy to call a Board of Director meeting at least once every three months. The company may call an extra meeting if necessary. The company will send the invitation letter with complete relating information to the directors at least seven days prior to the meeting. This is to give appropriate time for the directors to consider the information prior to the meeting. The minutes are properly prepared and the approval minutes are kept for the directors to review when needed.

### 5.6 The compensation to directors and management

The Company has set up an appropriate compensation for directors and management. The compensation rate is in an appropriate level to keep the directors and management to work with the company. The factors used to consider the compensation rate are experience, duties, scope of work and responsibilities.

The payment of compensation will follow the policy set forth by the board of directors.

### 5.7 The training for directors and management

The Board of Directors encourages all training related to corporate governance issue. This includes applying for Thai Institution of Director's training course for directors, audit committee, management, and company secretary.

### 5.8 Following the corporate governance in other issue Business Ethic

The company has set up guideline on business ethic for board of directors, management, and employees to follow. The guideline will assist the management and employees to work honestly and equality to all stakeholders and public. The company announced the guideline to employees and encouraged employees to follow strictly.

### Conflict of interest

The Board of Directors has set up conflict of interest policy on the basis that all decision making should be for the highest benefit of the Company and should avoid the action which may cause the conflict of interest. The company requires all related person to report the relationship or its related transaction and the related person is not allowed to join the meeting to approve the said transaction.





The audit committee will inform the Board of Directors on connected transaction and conflict of interest in which the Board of Directors will consider the appropriateness and practice under the rule of stock exchange of Thailand. The connected transaction will be disclosed in the annual report and annual statement (Form56-1)

### Board of Directors Reporting

Audit committee will review financial report. The accounting department and auditors attended the meeting together and present financial report to the Board of Director every quarter. Board of Directors is responsible for consolidated financial statement of the company and its subsidiaries, including financial information (report of committee responsible for financial reporting) that appear in annual report. Such financial statement prepared in accordance with accounting standard and audited by certified auditors. The disclosure of important information, and financial information and non-financial operation based on the facts and fully consistent.

### 8.2 Anti-Corruption Policy

The Company's directors, executives and employees are prohibited to request, offer and accept any and all forms of corruption, directly and indirectly and this policy also applies to all relevant departments. The Company has established anti-corruption procedures and compliance of this anti-corruption policy has been constantly reviewed to make it consistent to the changes in business, law, policy, rules, notification, regulations and to preserve reputation of the Company. All directors, executives and employees shall strictly comply with this policy as follows:

1. The Company's directors, executives and employees determine to build corporate culture which adheres to zero tolerance policy for corruption when dealing business with the public sector and private sector or any individual person.
2. The directors and the management are well aware of importance on dissemination of knowledge and understandings concerning anti-corruption policy and practices, including matters of law of Thailand to the persons who shall deal business with the Company and the Company's stakeholders.
3. The directors, executives and employees at all levels must strictly comply with the anti-corruption policy and code of conduct and must not get involved in any and all forms of corruption - directly or indirectly.
4. The Company has specified a policy when conducting any activity which might be exposed to corruption to be observed by all directors, executives and employees as follows:
  - 4.1 Political assistance. The Company has a policy not to provide any political assistance as it has a political neutrality policy and does not give preference to any political party or group. It will not support any political activities of any particular political party and it will not support or provide assistance to any candidate for public office - directly or indirectly.
  - 4.2 Charitable donation and fundraising with purposes for social, economic and cultural development; for building up good reputation of the Company and for strengthening business relations. The Company has a policy to oversee and supervise the charitable donation and fundraising activities to ensure that they are conducted with transparency and full compliance with applicable laws and regulations, and they must not be used as a means of bribery and corruption. For these purposes, clear, precise and effective operating guidelines have been established and all evidencing document must be able to be verified.
  - 4.3 Giving or receiving gift and business entertainment to the person or public and private sectors must be correctly and transparently conducted pursuant to the operating practices. They shall not be conducted with purposes for the return of benefits or others which may be considered as corruption. Request for approval and criteria for consideration shall be as per the specified Gift and Business Entertainment Procedures.
  - 4.4 The Company must not pay or receive any facilitation payment or bribery for conducting current or potential business via the person acting on behalf of the Company, the advisor, the broker, the counterparty, the business partner or the middleman who are under the Company's control.

- 4.5 The Company has stipulated regulations on payment, gifts or assets by specifying applicable limits and approval authority and also specified that clear evidencing document for such payment must be presented to ensure that disbursement of money, giving of gift or assets shall not be made with purpose of corruption. Information and details must be inspected to ensure compliance with the specified operating practices.
- 4.6 Sales and marketing. The Company has sales and marketing inspection process in place to ascertain that such activities have been correctly and transparently conducted and there will not be any room for corruption.
- 4.7 Procurement and employment: The Company has inspection process for procurement and employment to make sure that such activities have been conducted with transparency, integrity and compliance with applicable laws including the Company's procurement and employment regulations.
- 4.8 Human resources management: Processes for personnel recruitment, promotion, training, performance evaluation must be able to reflect the Company's intention and practices on anti-corruption policy.
5. Implementation of anti-corruption policy
  - 5.1 Communicate anti-corruption policy and practices to the directors, executives and employees as well as to the person who will act on the Company's behalf, the advisor, the broker, the counterparty, the business partner including the subsidiaries, the associated companies and other companies that the Company has controlling power for their implementation via the specified channels.
  - 5.2 There must be transparent and correct financial reporting preparation procedures in place. In addition, corruption risk assessment procedures must be specified and included as a part of the enterprise risk factors and appropriated and effective internal control system must be established to prevent unappropriated operations.
  - 5.3 Secure and accessible channel must be provided for the employees and other persons for requesting for recommendation on compliance with the anti-corruption policy and practices and to send information on misconduct or compliant by ensuring that the informant must be appropriated protected.
  - 5.4 The Company's employees shall not neglect or ignore when witnessing any act which could be regarded as corruption related to the Company. He or she should inform a clue or file a complaint via the channel specified by the Company and provide cooperation in finding the fact. When in doubt or require any recommendation, employees should consult with the designated party/entity via the channel provided by the Company.
  - 5.5 The Company shall provide equitable treatment and protection and shall not demote, impose penalty or negative result to the employee who rejects to inform a clue or file a complaint on corruption relevant to the Company. There must be a protection measure for the informant, the complainant or the person who cooperates on reporting the corruption act as per specified.





- 5.6 Any person who fails to comply with the Company's anti-corruption policy or practices shall be imposed with disciplinary penalty pursuant to the regulations specified by the Company, which shall include termination of employment, if the Company deems necessary, and shall also be penalized pursuant to the relevant laws.

### 8.3 Sub-Committee

Management structure of the company consists of Board of Director, Executive Board, Risk Management Committee and audit committee. The Board of Director and executives of the company are qualified according to the regulations stipulated by SET and SEC.

#### 8.3.1 Authority of Board of Directors

Board of Directors has the authority to manage the Company in accordance with law, objective, article of association, and resolution of shareholders as follow.

- 1) Provide the Annual General shareholders' meeting within four months from the end of accounting period
- 2) Provide the Board of Directors' meeting at least once every three months.
- 3) Provide balance sheet and financial statement of the company at end of accounting period which the auditors have been audited and proposed to the shareholder's meeting to consider.
- 4) Consider and approve other important transactions related to the company or any transaction which is beneficial to the company.
- 5) Entitle to appoint Executive Board to conduct business to act on behalf of the Board of Directors or entitle to delegate the authority in proper manner and within agreed timeframe. Moreover, the Board may cancel, withdraw, make change or amend such authority.

The Board of Directors may delegate the authority to Executive board to conduct the business according to the authority and responsibilities of the Executive Board.

However, such delegation shall not include any delegation of authority which will enable the Executive Board to approve any transaction in which the Executive Board or person with conflict of beneficial with the company or subsidiaries, except it is the approval to be policy or regulation that approved by the Board.

- 6) Determine the policy and strategic direction, financial management, risk management of the business. The company has provided control system to ensure that the management process in accordance with policies set forth as efficiency and effectiveness unless authority to perform the following action, only when received approved by the shareholders before proceeding, including the law requires the resolution of the meeting, increasing capital or reducing its capital, merger or liquidation of the company in all or some important parts to the other persons or take receiving liquidation of other company or private companies to become the part of company, amendment of memorandum or article of associate etc.

In addition, the Board of Directors has scope of duties for overseeing the company's compliance, as law on Securities and Exchange Commission(SEC), term of the exchange, including making each transaction and the purchase and sale of significant assets under the rules of The Stock Exchange of Thailand or law relating to corporation business.

- 7) To consider the structure of administrative to appoint the managing director, Executive Board and other directors as its considered.
- 8) Tracking performance according to plan and budget as continuously.
- 9) Directors shall not operate the same conditions and to compete with company's business or join as a part of partnership or unlimited liability partnership or a director of private company or other company that operate same condition and to complete with the company's business. Whether they will do to benefit for themselves or to benefit for others, unless inform the shareholder's meeting prior to the appointed.

- 10) \*Specify anti-corruption policy and practices; supervise, oversee and drive such policy and practices for actual implementation. The Administration Department shall be assigned to implement such policy and ensure that the management and the employees place importance on anti-corruption and adherence to it.
- 11) Any other matter required by law.

*\*Remark: This is an additional scope and duty which is required to be approved by the 2017 Annual General Meeting of Shareholders.*

### 8.3.2 Authority of the audit committee

The audit committee has been delegated by the Board of Directors to responsible for checking operation of the company and report to the Board of Directors to operate the standard that will maximum benefit to the company and its subsidiaries. The scope of responsibility are as following:

The Audit committee has the duty to check and responsible as the determination and regulation of SEC and The Stock Exchange of Thailand and to report to the Board of Directors to operate standard that will cause benefit to the company and its shareholders the scope of supervision are as following :

1. Ensure the company's financial reporting accuracy and adequacy.
2. Review the company's internal control and internal audit appropriate and effective and consider the independence of audit internal unit as well as to approve the appointment, transfer, termination of internal chief agencies or other organization responsible for internal audit.
3. To select and nominate independent auditors of the company and consider a remuneration of such person, including meeting with auditors without executive attended at least one time per year.
4. Ensure compliance with law requirements under Securities and Exchange Act, Stock Exchange of Thailand regulation and the law relating to its business.

5. Consider the related transaction or translations that may have a conflict of interest and ensure that it is comply with the law and regulation of the Stock Exchange. This is to ensure that the transaction is reasonable with best interest for the company.
6. Disclose audit committee report in company annual report, in which the report must be signed by the chairman of audit committee and must contain content at least as follow.

- (a) An opinion on the accuracy and completeness a reliable financial report of company.
- (b) An opinion on the adequacy of its internal control system.
- (c) An opinion on compliance with Securities and Exchange Commission (SEC) requirement or law-related company's business.
- (d) Comment on the appropriateness of auditors.
- (e) Comment about items that may have conflict of interest.
- (f) The number of the audit committee meetings, and the attendance of such meeting by each committee member.
- (g) Overall comment or observation of audit committee from practicing in the duties as charter.
- (h) Other transactions, according to the audit committee's opinion that shareholders, general investors should know under the duties and responsibilities assigned by the Board of Directors

7. Report audit committee's activities to Board of Directors at least once a year.
8. Any actions assigned by the Board of Directors appointed with approval from audit committee.

### 8.3.3 Authority of the Executive Board

- 1) Conduct business in accordance with the objective, articles of association and resolution of the shareholder's meeting and the board of Directors' meeting.
- 2) Determine the corporate management structure to cover all the details of selection, training, hiring, and dismissal of employees, including the appropriate employees benefit with traditional practices and circumstances and consistent with existing law.





- 3) Prepare to recommend and set goals and guideline business policy and the company's strategy as well as authority and responsibilities of Managing Director to grant for an approval from the Board of Directors.
- 4) Determine the strategic business plan to approval budget for corporate business and annual expenditure budget as approved by the Board of Directors. Conduct the business strategic and plan of business by all operated of Executive Board with consistent to the policy and business way that approved by Board of Directors.
- 5) Consider and approve of authorized operation to normal business transaction such as purchasing goods, motor vehicles, supplies, equipment, and appliances etc. within the approved cost limit for each items not exceeding 100 Million baht.
- 6) Consider and approve expenditure in the financial department capital assets, capital expenditure of the company and its subsidiaries in the amount of 200 Million baht and accumulated up to 1,000 million baht per year. If it exceed the determined amount, the Executive Board shall purpose to the Board of Directors for considerate approval.
- 7) Has the power to approve the requested loan or any loan of the company and its subsidiaries, including the guarantor to its subsidiaries in the amount of 200 million baht and accumulated up to 1,000 million baht per year in the case of requested loan or exceed the guaranteed limits specified. The Management Directors present to Board of Directors for consideration and approval.
- 8) Consider and approve loans to subsidiaries by the total cumulative amount of borrowing up to 500 million baht per year.
- 9) Entitle to have business transaction with financial institution, open the bank account with financial institution and obtain guarantees from bank and financial institution, the company and its subsidiaries in the amount of 500 million baht and accumulated up to 1,500 million baht per year.
- 10) Promote and support anti-corruption policy and practices, review appropriateness of such anti-corruption policy and practices to make them conform to the changes in business, policy, rules, notifications, regulations and legal requirements.
- 11) Perform the other duties as assigned in each time by Board of Directors.
- 12) The delegation of authority as referred above shall not include any delegation of authority which will enable the Executive Board or attorneys to approve any transaction in which a member of the Executive Board or person with conflict of interest may have or have conflict of interest (according to regulation of the company and by the SEC and/or The Stock Exchange of Thailand) in any manner with the Company or its subsidiaries.

#### **8.3.4 Scope of duties and responsibility of the Risk Management Committee**

- 1) Consider and approve a draft enterprise risk management policy and framework before proposing to the Board of Directors for consideration and approval. Assign the management to comply with the prescribed policy and guidelines and specify that the management must report the operating results to the Risk Management Committee.
- 2) Consider and give opinion on determination of risk appetite and risk tolerance which must be consistent with the organizational strategy.
- 3) Review and improve the Company's risk management system to make it effectively and efficiently on continued basis and specify that risk management must be constantly evaluated and monitored to make it in line with the specified policy and guidelines.
- 4) Conduct systematically and continually assessment and analysis of material risks in various aspects which must be in line with the current situations to ensure that such risk assessment covers all procedures of business operations pursuant to the criteria related to corporate governance principles. Give



recommendation on preventive measures in case risk level is not as per specified or reduce it to be under risk appetite level.

- 5) Review risk management report, increase monitoring work for risks which are materially to organization and arrange to ensure that the organization has appropriated risk management in place.
- 6) Consider anti-corruption risks of the organization, review the appropriateness of anti-corruption operating guidelines to make them conform to the changes in business, policy, rules, notifications, regulations and requirements.
- 7) Other tasks as per assigned by the Board of Directors.

#### 8.3.5 Authority of Managing Director

Managing Director has authorized to operate business as assigned by the Board of Director or Executive Board under the rules and regulation of the company. However, the delegation of authority as referred shall not include any delegation of authority which will enable Managing Director or person with conflict of interest to approve any transaction in which such person may have or have conflict of interest in any manner with the Company or its subsidiaries. The Managing Director have the limit of duties as following:

- 1) Operate and administrate the business as the policy of business plan and strategic of business that Board of Directors already approved.
- 2) To provide authorized or assigned the other who managing director agree to doing the duty instead of managing director as necessary and appropriate the discretion of executive board under the rules, laws and regulation of company.
- 3) Perform other duties as assigned by the Board of Director or executive board in each time.
- 4) Operate and merge of the company's business as usual and can approve the transaction as normal such as procurement of goods, vehicles, equipment, supplies, appliance. Expenditure approval of lease,

to approve the write-off (to comply with policies and procedure of company) and hire consultants and etc. The value for each items doesn't exceed 50 million baht.

- 5) Consider and approve capital expenditure of the company and its subsidiaries in the amount of 100 million baht and accumulated not more than 500 million baht per year. If there is exceed amount, it provide to executive board to consideration and approval.
- 6) The authority to approve loans to subsidiaries, each not exceeding 50 million baht or equivalent by the total cumulative amount of loans not exceeding 100 million baht per year or equivalent.

#### 8.4 Nomination and Appointment of Director and Top Executives

The Company does not have the nomination committee to select person to hold position of director or top executive. However, it has nomination process for selection person to hold such position where the major shareholder and/or representative of major shareholder in each group, the qualified person in each relevant field and the independent director as well as the director and executive of the Company shall jointly nominate the qualified, capable and experienced person to support business operations of the Company and who has qualifications specified by the Public Limited Company Act B.E. 2535 for the initial stage. After that such person shall be proposed to the shareholders' meeting for consideration and selection pursuant to the Company's articles of associations as follows:

#### Audit Committee / Independent director

The company has policy to nominate audit committee and independent directors announced by Securities and Exchange Commission that torjor 39/2559 on the application and allow the offering to sell the new stock issued by the Board of Director's meeting authorized in establishment audit committee and assigned to audit committee in three year by each audit committee must be independent directors and have qualified as the independent directors as following :







- 1) Holding shares not more than one percent of total shares voting right of major company, subsidiaries, joint venture or entities that may conflict. The count of share holding of relevant independent committee.
- 2) Not participate as directors who manage, employee, consultant has a regular salary or authority corporate control of major company, subsidiaries, joint venture and subsidiaries same order or the entity that may have conflict.
- 3) A person who is not a blood relationship or by registration in law in type of father, mother, spouse, brother, sister or spouse of children of management or major shareholders who have authority to control or individual who will be offered to the management or control of company or subsidiaries.
- 4) No business relationship with company or subsidiaries or individual whom might be conflict in manner that may obstruct freedom to use their discretion and not as a major shareholder, the directors who is not as independent directors or executives of those with business relationship with major corporation, subsidiaries, or entities that may conflict.
- 5) Not being an auditor of a major company, subsidiaries, affiliate or individual that may have conflict and not being major shareholders, non-independent directors, executives or partnership manager of audit company which having auditors of company, subsidiaries, joint venture or entities that may be under the conflict.
- 6) Not being a professional in any service, including providing service as a legal consultant or financial consultant who received service charge more than 2 million baht a year from company, subsidiaries, joint venture, entities who might have conflict. In the case of professional service is legal entity including major shareholder who are not independent executive or partnership of that professional service.
- 7) Being independent from the major shareholders of the Company or other shareholders who are related to the Company's majority shareholders.
- 8) No other feature that could not be commented freely about the company's operation.
- 9) Not being a director who has been assigned by the Board of Directors to decide on the operation of the company, subsidiaries, joint venture, subsidiary, company in the same order or entities that may conflict and not directors of list company which is a big company, subsidiaries, joint venture, subsidiaries in the same order.

### Nomination Criteria and Qualifications of the Audit Committee

1. Must be appointed by the Board of Directors or the shareholders' meeting
2. Must be the independent director and is qualified to be the independent director, and
  - 2.1 Must not be the director who has been authorized by the Board of Directors to make decision on business operations of the Company, parent company, subsidiary, associate company, subsidiary in the same level, major shareholders or the controlling person of the Company and,
  - 2.2 Must not be the director of parent company or subsidiary in the same level of the listed company only.
3. Must perform similar duties as per specified in the announcement of the Stock Exchange of Thailand Re: Qualification and scope of work of the audit committee,
4. Must possess adequate knowledge to be able to perform duties as the audit committee, in addition, at least one member of the audit committee must have adequate knowledge and experiences to audit credibility of financial statement.



## (2) Board of Directors

- 1) Board of Directors consist of at least 5 directors and more than half of directors must be resident in the Kingdom.
- 2) At the shareholder's meeting shall appoint directors, using the following criteria:
  - (1) Each shareholder shall have one vote for each share held.
  - (2) Each shareholder will exercise all the votes applicable under (1) to elect one or more person as directors, provided that a vote shall not be divisible.
  - (3) The candidate shall be ranked in order descending from the highest number of vote received to the lowest and shall be appointed as directors in that order, until all of the director position are filled. Where there is an equality of vote cast for candidates in descending order causing the number of directors to be exceeded, the Chairman of the meeting shall have the deciding vote.
- 3) At every annual general meeting, one-third of the directors, or if the number of directors is not a multiple of three, then the number nearest to one-third must retire from office. The directors retiring from office in the first and second year after the registration of the Company shall be selected by drawing lots. In subsequent year, the directors who has held office longest shall retire. A director who vacates office under this section maybe re-elected.
- 4) Any directors will resign from the position, they might submit the registration letter to the company and the resignation shall be effective from the date on which the Company received the resignation letter.
- 5) The shareholder's meeting may vote for any director to resign from the position prior to retirement as a resulted of the expiration of the directors' term of office with vote not less than three in fourth of number of shareholders attending at the meeting and entitled to vote and its share

combined not less than half of the number of shareholders attending the meeting and being entitled to vote.

## 8.5 Supervision on Operations of the Subsidiary and the Associate Company

The Company specified that the nomination and exercise of right to vote for selection of person to be the director of the subsidiary and the associated company is required to be approved by the Company's Board of Directors. The person appointed as the director in the subsidiary and the associate company must perform duties for the best interest of such subsidiary or associate company.

The Company also specified that such appointed person must be firstly granted approval from the Company's Board of Directors before he/she could pass resolution or vote in significant matter in the same level which is required to have an approval from the Board of the Director if such operation is operated by the company.

Moreover, the appointment of director to be the representative in such subsidiary or associate company must be pursuant to shareholding proportion of the Company.

Furthermore, in case of subsidiary, the Company specified that such appointed person must oversee to ensure that the subsidiary has complete and correct regulations with regards to connect transaction, acquisition and disposal of assets or undertaking of other significant transactions of such company. In addition, criteria relevant to disclosure of information and the above transaction must be applied in the same manner as those of the Company's criteria. Supervision on maintenance of information and accounting record of the subsidiary for purpose of inspection and for compilation of the consolidated financial statement on timely manner must also be specified.





### 8.6 Supervision on Usage of Inside Information

The Company supervises on usage of inside information by preparing a confidentiality agreement for the employee, contractor, supplier, service provider including guest who visits the Company's business to prevent disclosure of information or confidential news of the Company and its subsidiaries. In addition, penalty clause has been imposed to those who exploit inside information for personal gain or use such information which would damage reputation of the Company. Additional, they must not purchase, sell, transfer to receive transfer of the Company's securities by using confidential and/or inside information and/or to enter into any other legal act by using confidential and/or inside information of the Company which can cause damage to the Company's reputation, whether directly or indirectly.

The Company has imposed measures to prevent wrongfully use of inside information by the related person who included the director, executive and employees in the function whose work related to inside information (including his/her spouse and child under legal age). The related person is prohibited to sell or purchase the Company's securities within 1 month prior to disclosure of quarterly and annual financial statement.

The Company provided information to the directors and the executives on their obligations to report their holding of the Company's securities including penalty clause pursuant to the Securities and Exchange Act B.E. 2535 and the requirements of the Stock Exchange of Thailand. In the event when the director or the executive purchases or sells the Company's securities,

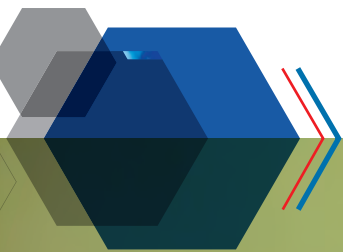
he/she is obligated to report his/her securities holding including securities holding by his/her spouse and child under legal age to the Office of the Securities and Exchange Commission and the Stock Exchange of Thailand pursuant to Clause 59 of the Securities and Exchange Act B.E. 2535 within 3 working days, for its acknowledgement and for further dissemination to the public.

Moreover, the Company imposed disciplinary penalty against people who exploit usage of or disclose inside information which would cause damage to the Company. Various penalties have been considered as appropriated, such as verbal warning, written warning, probation and termination of employment, by firing or discharging, as the case may be

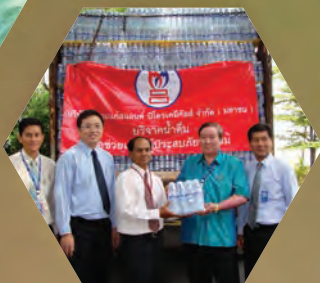
### 8.7 Audit Fee

Total audit fee paid in 2016 to PricewaterhouseCoopers ABAS Ltd., the auditing company which the auditors of the Company and domestic subsidiaries work for, was 5.74 million baht. Person or business related to the auditor and the auditing company is not the same person or is the business related to the Company and its subsidiaries.





# Social Responsibility





The Company has policy to operate business with social, environment and stakeholder responsibility.

### 9.1 Overall policy

Siam Gas and Petrochemicals Public Co., Ltd. determines to operate business under good corporate governance principles, with morality and responsibility for society, communities, environment, stakeholders and all parties related to the Company. The Company realizes that as we engage in business of supply and distribution of liquefied petroleum gas, petrochemical products and related businesses, it is required to obtain maximum trust and confidence on safety. The Company also has policy to strictly comply with related laws, regulations, standards and requirements.

The Company places utmost importance to social responsibility and it has been regulated in the Company's mission. In addition, some part of budget has been allocated for social activities and disbursement of such budget shall be considered by the high level executives.

Core vision and mission of the Company are as follows:

- To plan to increase facilities, warehouses, gas filling plants and service stations including gas tankers and gas trucks.
- To constantly develop human resources in order to develop their potentials and operating capability, so that their works can be successfully, efficiently and safely achieved.
- To put emphasis on product safety policy, service rendering including internal operations.
- To give emphasis to well-being of the people by providing excellent products and services, especially on safety, convenience and at reasonable and fair prices.
- To place importance to environmental conservation and ethically business operations pursuant to governance principle and with responsibility to society, community as well as all shareholders and relevant parties.

The Company is always aware that for business of liquefied petroleum gas, petrochemical products and related business, responsibility is the most crucial part, as it shall cause impact to all parties and sectors, from employees, executives, business partners, communities to societies, particularly on personal welfares, safety and environmental conservation. As a result, the management has specified policies and operating guidelines as follows

### Fair Competition

The Company shall treat its business competitors pursuant to the relevant laws and business ethics principles, including fair rules on competitions by maintaining competitive code of conducts as follows:

- Do not take advantage of business competitors by misleading business information which might cause impact to reputation of the competitors.



- Refrain from making an agreement or discussion with the competitors' employees about marketing or business plans which can impact to business.

### Anti-corruption

The Company established anti-corruption policy to be applied for both inside and outside of the organization. The Company cooperates with various organizations to counter all kinds of corruption and bribery, as well as enhances the employees to be well aware of anti-corruption policy by not asking for, giving any unlawful trading benefits to the business partners or the third party.

### Fair Labor Practices

The Company recognizes importance of employees as the Company's most valuable assets. Thus, it intends to develop potentials of its human resources for maximum benefits of the Company and it also encourages its employees to jointly participate in creation of good corporate culture, team work and to enhance safety atmosphere and workplace. Moreover, The Company also equally listens to opinions and recommendations from the employees at all levels. In addition, the Company also provides welfare to the employees' family by granting scholarships to the employees' offspring who have good academic records from elementary level to university level. The object is to encourage the employees' offspring to pay attention to education, so they could become the capable people for their family and the country as a whole.

The Company encourages the employees to enhance their knowledge, capabilities, skill and experiences so that they can perform their works effectively. The Company arranges various employee training courses at all levels pursuant to annual training programs which shall be systematically arranged in accordance with regulations on employees' training practices of the Company. Besides, the Company also dispatches the employees to attend training programs outside of the Company to increase their knowledge in various aspects related to their works, for instance training on newly accounting standards, computer network system and etc

### Consumer Responsibility and Environmental Conservation

The Company determines to be the management excellence in terms of safety, health and environment. No other mission shall be more important than to create health and safety atmosphere for employees, customers, business partners and communities and

to prevent environmental impact which may incur. Such continued development and improvement shall be important and sustainable benchmark for our growth and it can also drive for continuity and harmony on integrating projects and processes on business operations together. Our strong determination to become management excellence on safety, health and environment are performed by adhering to the following policies:

1. To comply with the written regulations and spirit of law concerned, industrial standards as well as to provide full cooperation with the officials to develop and improve such regulations.
2. To main workplaces to make them on par with standards on safety, occupational health and environment by adhering to the best operating practices as its guidelines.
3. To set up target on zero accident from work because we believe that loss of life, injury and incident can be prevented.
4. To constantly review operations and procedures, then develop suitable projects to support for improvement of our potentials on continued basis.
5. All of our employees must take part in safety, health and environment responsibility activities and they must behave themselves in harmony with and pursuant to intention of this policy, by specifying as key performance indicators that must be achieved as per targeted.
6. All employees must cooperate with and encourage business partners and contractors who deal business with us to be responsible for safety and do not cause impact to environment.
7. To develop and supply safety and environmental friendly products when they are properly used and to provide necessary information in order to achieve such expectation.

The above policies are regarded as the core of operating strategy as well as the framework for formulation of business plans and objects of all departments. These policies must be reviewed and monitored in order to put them into practices together with the formulation of consumer responsibility and environmental conservation policy.

### The Company has arranged activities to promote compliance with such policies as follows:

- To arrange trainings on general information of the products, particularly liquefied petroleum gas products, and safety usage, loading and product maintenance to the employees, customers and the third parties, such as communities, government agencies and etc.







- To arrange emergency drill plan at the operating workplaces, such as gas warehouses and gas filling plants where the government officials and community representatives may observe as necessary.
- To arrange 5 Sor. activities in the workplace.
- To provide knowledge by arranging safetyexhibitions.

### Contribution to Community and Society

The Company has arranged community and social development activities which included:

- Contribution to society by assisting flood victims, donation of supplies to the communities, donation of money to build religious places, schools, hospitals and participation in environmental conservation campaigns and more.
- Arrangement of activities to cultivate environmental conservation spirit, for instance a campaign to use used paper in the office and etc.



### 9.2 CSR After Process

The Company continually encourages and supports social and environmental activities, particularly on livelihood development of the communities in the remote areas to make them have better living. One of the activities is to provide budget for construction

of pipe water system to the villagers in Sinchai Village, Padaeng Village, Sunti Vana Village and Pakia Village of Chai Prakarn District, Chiang Mai Province to make villagers in 4 villages have consumption and usage water. Such activity has followed the royal initiatives of Her Majesty Queen Sirikit which emphasized on mitigation of water shortage crisis.



### 9.3 Practical guidelines to prevent involvement in corruption acts

The Company determines to conduct business under good corporate governance principles by declaring intention on prevention on involvement of corruption. The Company also specified anti-fraud and anti-corruption policy in the Company's code of business ethics handbook and post at the board in the Company's offices, depots, and LPG station. The policies are as follows:

The Company's directors, executives and employees are prohibited to request, offer and accept any and all forms of corruption, directly and indirectly and this policy also applies to all relevant departments. The Company has established anti-corruption procedures and compliance of this anti-corruption policy has been constantly reviewed to make it consistent to the changes in business, law, policy, rules, notification, regulations and to preserve reputation of the Company. All directors, executives and employees shall strictly comply with this policy as follows:

1. The Company's directors, executives and employees determine to build corporate culture which adheres to zero tolerance policy for corruption when dealing business with the public sector and private sector or any individual person.
2. The directors and the management are well aware of importance on dissemination of knowledge and understandings concerning anti-corruption policy and practices, including matters of law of Thailand to the persons who shall deal business with the Company and the Company's stakeholders.
3. The directors, executives and employees at all levels must strictly comply with the anti-corruption policy and code of conduct and must not get involved in any and all forms of corruption - directly or indirectly.
4. The Company has specified a policy when conducting any activity which might be exposed to corruption to be observed by all directors, executives and employees as follows:
  - 4.1 Political assistance. The Company has a policy not to provide any political assistance as it has a political neutrality policy and does not give preference to any political party or group. It will not support any political activities of any particular political party and it will not support

or provide assistance to any candidate for public office - directly or indirectly.

- 4.2 Charitable donation and fundraising with purposes for social, economic and cultural development; for building up good reputation of the Company and for strengthening business relations. The Company has a policy to oversee and supervise the charitable donation and fundraising activities to ensure that they are conducted with transparency and full compliance with applicable laws and regulations, and they must not be used as a means of bribery and corruption. For these purposes, clear, precise and effective operating guidelines have been established and all evidencing document must be able to be verified.
- 4.3 Giving or receiving gift and business entertainment to the person or public and private sectors must be correctly and transparently conducted pursuant to the operating practices. They shall not be conducted with purposes for the return of benefits or others which may be considered as corruption. Request for approval and criteria for consideration shall be as per the specified Gift and Business Entertainment Procedures.
- 4.4 The Company must not pay or receive any facilitation payment or bribery for conducting current or potential business via the person acting on behalf of the Company, the advisor, the broker, the counterparty, the business partner or the middleman who are under the Company's control.
- 4.5 The Company has stipulated regulations on payment, gifts or assets by specifying applicable limits and approval authority and also specified that clear evidencing document for such payment must be presented to ensure that disbursement of money, giving of gift or assets shall not be made with purpose of corruption. Information and details must be inspected to ensure compliance with the specified operating practices.
- 4.6 Sales and marketing. The Company has sales and marketing inspection process in place to ascertain that such activities have been correctly and transparently conducted and there will not be any room for corruption.







4.7 Procurement and employment : The Company has inspection process for procurement and employment to make sure that such activities have been conducted with transparency, integrity and compliance with applicable laws including the Company's procurement and employment regulations.

4.8 Human resources management: Processes for personnel recruitment, promotion, training, performance evaluation must be able to reflect the Company's intention and practices on anti-corruption policy.

#### 5. Implementation of anti-corruption policy

5.1 Communicate anti-corruption policy and practices to the directors, executives and employees as well as to the person who will act on the Company's behalf, the advisor, the broker, the counterparty, the business partner including the subsidiaries, the associated companies and other companies that the Company has controlling power for their implementation via the specified channels.

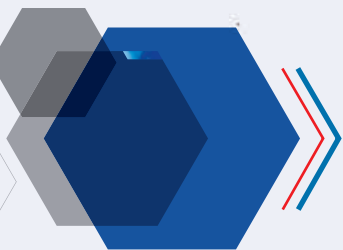
5.2 There must be transparent and correct financial reporting preparation procedures in place. In addition, corruption risk assessment procedures must be specified and included as a part of the enterprise risk factors and appropriated and effective internal control system must be established to prevent unappropriated operations.

5.3 Secure and accessible channel must be provided for the employees and other persons for requesting for recommendation on compliance with the anti-corruption policy and practices and to send information on misconduct or compliant by ensuring that the informant must be appropriated protected.

5.4 The Company's employees shall not neglect or ignore when witnessing any act which could be regarded as corruption related to the Company. He or she should inform a clue or file a complaint via the channel specified by the Company and provide cooperation in finding the fact. When in doubt or require any recommendation, employees should consult with the designated party/entity via the channel provided by the Company.

5.5 The Company shall provide equitable treatment and protection and shall not demote, impose penalty or negative result to the employee who rejects to inform a clue or file a complaint on corruption relevant to the Company. There must be a protection measure for the informant, the complainant or the person who cooperates on reporting the corruption act as per specified.

5.6 Any person who fails to comply with the Company's anti-corruption policy or practices shall be imposed with disciplinary penalty pursuant to the regulations specified by the Company, which shall include termination of employment, if the Company deems necessary, and shall also be penalized pursuant to the relevant laws.



# Internal Control and Risk Management







### 10.1 Opinions of the Board of Directors on internal control system

The Board of Directors puts emphasis that the Company shall have proper and efficient internal control system, hence it has assigned authority, duty and responsibility to Audit Committee to review and ensure that the Company has adequate and appropriate internal control and internal audit system in place. Internal audit function which shall directly report to the Audit Committee shall inspect and review internal control system including performance of the Company on compliance with the laws on securities and exchange.

The Audit Committee also has duties to consider, select, appoint the auditor and fix remuneration as well as to consider on disclosure of correct and complete information in case of connected transaction or transaction which might have conflict of interest.

At the Board of Directors' meeting No. 1/2016 held on February 22, 2016 where all 3 members of the Audit Committee attended, the meeting has assessed the Company's internal control system by enquiring information from the management. In conclusion, from assessment of 5 components of Control Environment, Risk Assessment, Control Activities, Information & Communication, and Monitoring Activities the Board of Directors deemed that the Company's internal control system was adequately and appropriately. The Company has provided adequate personnel to effectively perform operations pursuant to the system and it also has monitoring system to oversee operations of the subsidiaries to prevent wrongly use or unauthorized use of properties of the Company and its subsidiaries by the director or the executive. Furthermore, measures on transaction with person who might have conflict of interest or the connected person have been adequately specified. The Board of Directors also deemed that measures on internal control system of other topics also adequate.

### 10.2 Opinion on Risk Management

The Company has appointed Risk Management committee to consider and approve a draft enterprise risk management policy and framework. Consider and give opinion on determination of risk appetite and risk tolerance which must be consistent with the organizational strategy. Review and improve the Company's risk management system to make it effectively and efficiently on continued basis and specify that risk management must be constantly

evaluated and monitored to make it in line with the specified policy and guidelines. Conduct systematically and continually assessment and analysis of material risks in various aspects which must be in line with the current situations to ensure that such risk assessment covers all procedures of business operations pursuant to the criteria related to corporate governance principles. Review risk management report, increase monitoring work for risks which are materially to organization and arrange to ensure that the organization has appropriated risk management in place. In addition, the Risk Management Committee has to consider anti-corruption risks of the organization, review the appropriateness of anti-corruption operating guidelines to make them conform to the changes in business policy, rules, notifications, regulations and requirements.

### 10.3 Opinions of the Audit Committee

The Audit Committee has assessed adequacy and efficiency of internal control system by considering from result of auditing report proposed by the internal audit function and opinions of the auditor, as well as from jointly assessment with the Board of Directors during the meeting No. 1/2016 on February 22, 2016. The Audit Committee has the same opinion with the Board of Directors that the Company's internal control was appropriated.

### 10.4 Head of Internal Audit Office

At the Board of Directors' meeting No. 7/2012 held on June 14, 2012, the meeting has resolution to appoint Mrs. Chantira Srimoungpan as the head of internal audit office with effective from July 2, 2012. Mrs. Chantira has experiences on performing internal audit task and as a secretary of the Audit Committee of the listed company. She also attended various courses concerning internal audit operations, such as risk management pursuant to COSO ERM guidelines, company secretary program and internal audit function management Anti-corruption : The Practical Guide organized by Institute of Director (IOD) and etc. Consequently, it is deemed appropriated to appoint her to perform such duties.

In addition, the Company has specified that for consideration on approval, appointment, transfer and dismissal of the Company's head of internal audit office must require to have consent or approval from the meeting of the Audit Committee.

# Connected Transactions

Summary of transactions between SGP, its subsidiaries and other people who might have conflicts during 2015 and 2016

SGP and its subsidiaries had connected transactions in accordance with its normal business practices and fair trade as follows

Connected Person/ Legal Entity	Relationship	Description	Value (1,000 Baht)		Outstanding (1,000 Baht)		Justification	Reference : Notes of Financial Statement
			2016	2015	2016	2015		
1. Great China Millennium (Thailand) Company Limited ("Great China") Property and Hotel Business	<ul style="list-style-type: none"> <li>SGP and Great China Millennium (Thailand) Company Limited have the same major shareholder who is Weerabornwong family.</li> <li>Weerabornwong family holds 562.75 million shares or 61.25 per cent of paid-up capital of SGP and holds 27.2 million shares 100 per cent of paid-up capital of Great China Millennium</li> </ul>	LPG Sales Revenue and Account Receivable Great China Millennium (Thailand) Company Limited purchased LPG from SGP to supply to its food court in the shopping building at the same price SGP sells to general customers	3,904	4,454	855	958	The Audit Committee considered that these were common sales transactions of SGP and the selling price was the same as that of general customers, so these transactions were considered appropriate and reasonable	Note# 33 (A) and #33 (C)
		Office Rental Deposit SGP and its subsidiaries including UGP, LCR and SLM rent the office space of the Palladium World project from Great China Millennium (Thailand) Company Limited for their business offices. The period of rental contract is from 1 September 2012 to 31 August 2015. According to the contract, SGP and its subsidiaries are required to place the deposit as guarantee for rental	-	-	6,935	6,935	The Audit Committee considered that this rental deposit placement of SGP and its subsidiaries was general practice, and these transactions considered appropriate and reasonable	



SGP and its subsidiaries had connected transactions in accordance with its normal business practices and fair trade as follows

Connected Person/ Legal Entity	Relationship	Description	Value (1,000 Baht)		Outstanding (1,000 Baht)		Justification	Reference : Notes of Financial Statement
			2016	2015	2016	2015		
(Thailand) Company Limited	<ul style="list-style-type: none"> <li>SGP and Great China Millennium (Thailand) Company Limited have the same directors who are Mr. Worawit Weerabornwong and Mrs. Patchara Weerabornwong</li> </ul>	and services. This deposit charged by Great China was the common practice of general office buildings.					The Audit Committee considered that office space rental of SGP and its subsidiaries was normal practice in running business, although the rental rate of Great China was lower than those of other office buildings nearby. Also, the available space of other office buildings nearby with Phrom Maharaj Land Development Co., Ltd. expired on 31 August 2012. Moreover, the space of previous office was not sufficient and unable to expand to accommodate SGP and its subsidiaries' staff while the Palladium Office Build could serve the long-term future office expansion of SGP and its subsidiaries, so these transactions considered appropriate and reasonable.	Note# 33 (A)
		<p><b>Rental Fee, Common Service Fee and Account Payable</b></p> <p>These transactions were space rental fee, services fee and account payable that SGP and its subsidiaries including UGP, LCR and SLM rent the office from Great China Millennium (Thailand) Company Limited with total space of 9,048.36 square meters or at the rate 419.29 Baht per square meter. The period of rental contract is from 1 September 2015 to 31 August 2018 (3 years rental period). This rental fee charged by Great China was lower than that of charged by other office buildings in the same area</p>	45,550	48,770	-	-		

SGP and its subsidiaries had connected transactions in accordance with its normal business practices and fair trade as follows

Connected Person/ Legal Entity	Relationship	Description	Value (1,000 Baht)		Outstanding (1,000 Baht)		Justification	Reference : Notes of Financial Statement
			2016	2015	2016	2015		
		Other Expenses and Other Account Payable Other expenses and other account payable were incurred as SGP and its subsidiaries were serviced by Great China Millennium (Thailand) Company Limited and the services charged by Great China were at the same rate charged to general customers or tenants	19,248	11,173	4,324	943	The Audit Committee's opinion was that the services provided by Great China were the general services and the rates were charged at the same rate as that of general customers and tenants, so such transactions were appropriate and reasonable.	Note# 33 (A) and 33 (D)
		Electricity, Water Supply and other Account Payable SGP and its subsidiaries paid for electricity and water supply for their offices to Great China Millennium (Thailand) Company Limited which was charged at the same rate charged to other tenants in the building.	1,294	1,231	101	89	The Audit Committee considered that the electricity and water supply expenses SGP and its subsidiaries paid to Great China were the same as that Great China charged to other tenants, so such transactions were appropriate and reasonable.	Note# 33 (A) and 33 (D)

SGP and its subsidiaries had connected transactions in accordance with its normal business practices and fair trade as follows

Connected Person/ Legal Entity	Relationship	Description	Value (1,000 Baht)			Outstanding (1,000 Baht)		Justification	Reference : Notes of Financial Statement
			2016	2015	2016	2016	2015		
		Rental and Pooled Office Service Fee Advanced Payment SGP and its subsidiaries paid the advanced rental and office service fee to Great China Millennium (Thailand) Company Limited in accordance with the office rental contract.	-	-	75,916	121,466		The Audit Committee considered that the Advanced Payments for rental and office services made to Great China were in accordance with general office rental contract, so such transactions were appropriate and reasonable.	Note # 33 (A)



SGP and its subsidiaries had connected transactions in accordance with its normal business practices and fair trade as follows

Connected Person/ Legal Entity	Relationship	Description	Value (1,000 Baht)		Outstanding (1,000 Baht)		Justification	Reference : Notes of Financial Statement
			2016	2015	2016	2015		
2. Phrom Maharaj Land Development Co., Ltd. (PHROM) – real estate and hotel business	•Weerabowornpong family is the major shareholder of	Revenue from LPG sales and Trade Accounts receivable PHROM purchased LPG from SGP for its food court, and the hotel	8,390	9,620	1,602	2,550	The Audit Committee considers that these transactions were carried out on normal basis of SGP's	Note # 33 (A) and 33 (C)



SGP and its subsidiaries had connected transactions in accordance with its normal business practices and fair trade as follows

Connected Person/ Legal Entity	Relationship	Description	Value (1,000 Baht)		Outstanding (1,000 Baht)		Justification	Reference : Notes of Financial Statement
			2016	2015	2016	2015		
real estate and hotel business	both SGP and PHROM who is holding 562.75 million shares or 61.25 % of SGP's share equity and 96.10 million shares or 87.36 of PHROM's share equity. • SGP and PHROM have 4 directors in common. There are 2 directors of PHROM including Mr. Worawit	kitchens with the same price as that sold to general customers.					business and also the price was the same as that sold to general customers. Therefore, such transactions were considered appropriate and reasonable.	Note # 33 (A)
		Office Space Leasing Deposit SGP and its subsidiaries, i.e. UGP, LCR, and UMR rent their office space from PHROM. In this regard, SGP and its subsidiaries needed to place deposit to PHROM at the rate of one-month rental fee instead of charging normal deposit rate of two- month rental fee. The office rental deposit was general practice of office building, but SGP and its subsidiaries paid at a lower rate. However, SGP and its subsidiaries had terminated the office rental with PHROM on 31 August 2012, but continue to rent storage for document, so the outstanding guarantee was used	-	-	309	1,932	The Audit Committee considered that the office space rental deposit placed by SGP and its subsidiary was general practice of office building business. Moreover, SGP and its subsidiaries could place the deposit at a lower rate than normal case. Therefore, such transaction was considered appropriate and reasonable	

SGP and its subsidiaries had connected transactions in accordance with its normal business practices and fair trade as follows

Connected Person/ Legal Entity	Relationship	Description	Value (1,000 Baht)		Outstanding (1,000 Baht)		Justification	Reference : Notes of Financial Statement
			2016	2015	2016	2015		
Mrs. Patchara Weerabornwong who both are also the directors of SGP, and the other 2 directors of PHROM including Mr. Supachai Weerabornwong and Mr. Suthipong Vasuvanichpan who are directors, executive directors, and management of SGP		as rental fee for such storage rented areas.					The Audit Committee considered that office space rental of SGP and its subsidiaries was normal practice in running business, although the rental rate of PHROM was higher than those of other office buildings nearby. Also, the available space of other office buildings nearby was smaller and not suitable for using as offices of SGP and its subsidiaries. Considering better offerings of PHROM such as more parking space, cheaper parking fee for parking exceeding the limit,	Note # 33 (A) and 33 (D)
		Pooled Office Service Fee and Account Payable These transactions were rental and office services that SGP and its subsidiaries including UGP, LCR and SLM rent office space and document storage of PHROM with total space of 877.43 square meters – rental fee at the rate of 229.66 – 350.00 baht per square meter for document storage, although the rental rate of PHROM was higher than those of other office buildings nearby. Also, the available space of other office buildings nearby was smaller and not suitable for using as offices of SGP and its subsidiaries. Considering better offerings of	3,056	3,056	166	236		

SGP and its subsidiaries had connected transactions in accordance with its normal business practices and fair trade as follows

Connected Person/ Legal Entity	Relationship	Description	Value (1,000 Baht)		Outstanding (1,000 Baht)		Justification	Reference : Notes of Financial Statement
			2016	2015	2016	2015		
		PHROM such as more parking space, cheaper parking fee for parking exceeding the limit, and the same air conditioning charge during for off-hour period as the for office-hour period. However, SGP and its subsidiaries had terminated the office rental with PHROM on 31 August 2012, but continue to rent storage for document, so the outstanding guarantee was used as rental fee for such storage rented areas.					and the same air conditioning charge during for off-hour period as the for office-hour period, the Audit Committee considered this transaction was appropriate and the rental fee was reasonable	Note # 33 (A)

SGP and its subsidiaries had connected transactions in accordance with its normal business practices and fair trade as follows

Connected Person/ Legal Entity	Relationship	Description	Value (1,000 Baht)		Outstanding (1,000 Baht)		Justification	Reference : Notes of Financial Statement
			2016	2015	2016	2015		
		Other Expenses and Account Payable These expenses were incurred as SGP and its subsidiaries used various kinds of services of PHROM's hotel such as staff's lunch, customer reception and entertaining, hotel room accommodation which were charged at the same rate as general guests.	1,255	1,512	140	308	The Audit Committee's opinion was that the services provided by PHROM to SGP and its subsidiary including staff's lunch, customer reception and entertaining, hotel room accommodation and other services were the general services of PHROM as a shopping center and hotel. And the services charge for SGP and its subsidiaries were the same as those for general guests, so such transactions were appropriate and reasonable.	Note # 33 (A) and 33 (D)



Policies or directions of the connected transaction in the future

The Company and its subsidiaries anticipate that the connected transactions will continue to be entered under a normal course of business without any special privilege being granted. Such transactions are LPG distribution to Great China for its shopping center and hotel, utility payment as well as catering and other service charges to Great China.

The pricing policy shall be transparency and in accordance with the fair market price with maximum benefit to the Company and be reviewed by the Audit Committee.

In the future, the Company might further engage in the transaction with the said similar manner with quarterly report to the Audit Committee.

The office rental transaction with Great China were undertaken to accommodate the necessity in office space of the Company and its subsidiaries. The Company may consider to renew such rental contract upon its expiration. However, the rental price of comparable office space will

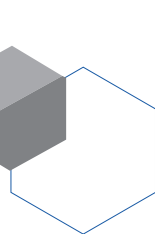
be taken into account and proposed to the Audit Committee for further consideration.

For the office rental transaction with PHROM, the contract had been terminated on August 31, 2012, but continue to rent some areas for document storage.

The Company and its subsidiaries has no policy to borrow or grant any loans to persons with conflict of interest as the Company is able to raise fund through the securities issuance for its business. However, if the inter-company loan is required, the agreement will be arranged with clear and fair condition for utmost benefit of the Group.

For the connected transaction that may occur in the future, the Company has to strictly comply with the securities laws, rules stipulated by the Stock Exchange of Thailand, regulations related to the disclosure of the related parties transaction and sale and purchase of important parts of the business transactions well as the accounting principles set by Federation of Accounting.





# Significant Financial Information

## 1 Financial Statement

### 1.1 Auditor

Year	Auditor Name	Certified Public Accountant No.	Audit Company
2014	Mr.Chaisiri Rangritchai	4526	PricewaterhouseCoopers ABAS Ltd.
2015	Mr.Chaisiri Rangritchai	4526	PricewaterhouseCoopers ABAS Ltd.
2016	Mr.Chaisiri Rangritchai	4526	PricewaterhouseCoopers ABAS Ltd.

#### Summary of Auditor Report, Year 2014-2016

##### Year 2014

The auditor conducted the audit in accordance with generally accepted auditing standards and expressed opinion on the separate financial statements, the related consolidated financial statement and the financial status of SGP and its subsidiaries as at December 31, 2014, as well as the related separate and consolidated statements of income, comprehensive statements of income, changes in owner’s equity and cash flows, for each of the years then ended that material information were appropriately and correctly recorded in accordance with the financial reporting standards.

##### Year 2015

The auditor conducted the audit in accordance with generally accepted auditing standards and expressed opinion on the separate financial statements, the related consolidated financial statement and the financial status of SGP and its subsidiaries as at December 31, 2015, as well as the related separate and consolidated statements of income, comprehensive statements of income, changes in owner’s equity and cash flows, for each of the years then ended that material information were appropriately and correctly recorded in accordance with the financial reporting standards.





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### Year 2016

The auditor conducted the audit in accordance with generally accepted auditing standards and expressed opinion on the separate financial statements, the related consolidated financial statement and the financial status of SGP and its subsidiaries as at December 31, 2016, as well as the related separate and consolidated statements of income, comprehensive statements of income, changes in owner's equity and cash flows, for each of the years then ended that material information were appropriately and correctly recorded in accordance with the financial reporting standards.



#### 1.2 Major Change in Accounting

- Major Change in Accounting in 2014-2016
- None -

### 1.3 Summary Table on Financial Statement

Siamgas and Petrochemicals Public Co., Ltd. and Its Subsidiaries

## Statement of Financial Positions

As at 31 December

Unit: '000 Baht

	Consolidated Financial Statements					
	2014		2015		2016	
	Amount	%	Amount	%	Amount	%
<b>Asset</b>						
Current Assets						
Cash and cash equivalents	1,956,407	6.93	2,270,150	7.80	1,879,333	6.58
Short-term investments	252,387	0.89	307,516	1.06	108,039	0.38
Trade and other receivables - Net	4,013,995	14.21	3,294,788	11.32	3,089,255	10.82
Inventories, net	3,535,405	12.52	4,375,300	15.04	3,345,261	11.71
Other current assets	263,483	0.93	338,368	1.16	497,715	1.74
<b>Total current assets</b>	<b>10,021,677</b>	<b>35.48</b>	<b>10,586,122</b>	<b>36.38</b>	<b>8,919,603</b>	<b>31.23</b>
Non-current assets						
Investments in joint ventures	109,329	0.39	148,771	0.51	101,372	0.35
Long-term investment to related parties	110,204	0.39	43,796	0.15	36,593	0.13
Property, plant and equipment – net	15,120,857	53.54	15,246,465	52.40	15,731,579	55.09
Goodwill	1,537,801	5.45	1,537,801	5.28	1,537,801	5.39
Intangible assets - net	233,986	0.83	181,303	0.62	140,747	0.49
Deferred tax assets - net	303,600	1.07	360,479	1.24	421,867	1.48
Other non-current assets	805,832	2.85	993,711	3.42	1,667,285	5.84
<b>Total non-current assets</b>	<b>18,221,609</b>	<b>64.52</b>	<b>18,512,326</b>	<b>63.62</b>	<b>19,637,244</b>	<b>68.77</b>
<b>Total assets</b>	<b>28,243,286</b>	<b>100.00</b>	<b>29,098,448</b>	<b>100.00</b>	<b>28,556,847</b>	<b>100.00</b>







# Statement of Financial Positions (Cont'd)

As at 31 December

Unit: '000 Baht

	Consolidated Financial Statements					
	2014		2015		2016	
	Amount	%	Amount	%	Amount	%
<b>Liabilities and equity</b>						
<b>Current liabilities</b>						
Short-term loan from financial institutes - net	6,346,724	22.47	4,885,506	16.79	1,726,730	6.05
Trade and other payables	3,750,633	13.28	4,010,234	13.78	4,030,654	14.11
Current portion of long-term loans from financial institutes - net	265,829	0.94	296,061	1.02	485,634	1.70
Current portion of bonds - Net	14,997.83	5.31	1,499,837	5.15	1,299,905	4.55
Accrued income tax	82,554	0.29	107,014	0.37	78,283	0.27
Other current liabilities	39,985	0.14	64,152	0.22	83,808	0.29
<b>Total current liabilities</b>	<b>11,984,508</b>	<b>42.43</b>	<b>10,862,804</b>	<b>37.33</b>	<b>7,705,014</b>	<b>26.97</b>
<b>Non-current liabilities</b>						
Long-term loans from financial institutes - net	536,498	1.91	370,606	1.27	886,146	3.10
Long-term loans from related parties	3,000	0.01	3,000	0.01	3,000	0.01
Bonds - net	2,795,945	9.90	3,295,757	11.33	4,993,956	17.49
Cylinder deposits	4,021,668	14.24	4,228,584	14.53	4,627,110	16.21
Employee benefit obligations	127,404	0.45	134,312	0.46	145,050	0.51
Deferred tax liabilities- net	387,770	1.37	415,736	1.43	377,568	1.32
Other non-current liabilities	17,430	0.06	12,892	0.04	19,147	0.07
<b>Total non-current liabilities</b>	<b>7,889,715</b>	<b>27.94</b>	<b>8,460,887</b>	<b>29.07</b>	<b>11,051,977</b>	<b>38.71</b>
<b>Total liabilities</b>	<b>19,874,223</b>	<b>70.37</b>	<b>19,323,691</b>	<b>66.40</b>	<b>18,756,991</b>	<b>65.68</b>
<b>Equity</b>						
Authorised share capital	918,932	3.25	918,932	3.16	918,932	3.22
Issued and paid-up share capital	918,932	3.25	918,932	3.16	918,932	3.22
Premium on share capital	1,874,482	6.64	1,874,482	6.44	1,874,482	6.56
Retained earnings						
Appropriated						
- Legal reserve	162,089	0.57	162,089	0.56	162,089	0.57
Unappropriated	4,744,532	16.80	5,492,886	18.88	6,199,187	21.71
Other components of equity	557,588	1.97	1,207,855	4.15	521,802	1.83
<b>Total parent's equity</b>	<b>8,257,623</b>	<b>29.23</b>	<b>9,656,244</b>	<b>33.19</b>	<b>9,676,492</b>	<b>33.89</b>
Total non-controlling interest	111,440	0.40	118,513	0.41	123,364	0.43
<b>Total equity</b>	<b>8,369,063</b>	<b>29.63</b>	<b>9,774,757</b>	<b>33.60</b>	<b>9,799,856</b>	<b>34.32</b>
<b>Total liabilities and equity</b>	<b>28,243,286</b>	<b>100.00</b>	<b>29,098,448</b>	<b>100.00</b>	<b>28,556,847</b>	<b>100.00</b>



# Statement of Income

As at 31 December

Unit: '000 Baht

	Consolidated Financial Statements					
	2014		2015		2016	
	Amount	%	Amount	%	Amount	%
<b>Revenue from operation:</b>						
Revenue from sales	61,177,300	98.42	57,581,629	98.70	47,693,791	98.59
Revenue from transportation	421,259	0.68	344,278	0.59	441,401	0.92
Revenue from service	160,256	0.26	156,104	0.27	26,217	0.05
Other Revenues						
Dividend incomes	-	-	5,015	0.01	6,695	0.01
Other incomes	398,225	0.64	252,049	0.43	209,886	0.43
<b>Total revenue</b>	<b>62,157,040</b>	<b>100.00</b>	<b>58,339,075</b>	<b>100.00</b>	<b>48,377,990</b>	<b>100.00</b>
<b>Expenses From operation</b>						
Cost of sales and services	(60,589,172)	(97.48)	(54,805,628)	(93.94)	(44,889,720)	(92.79)
Cost of transportation	(335,268)	(0.54)	(239,820)	(0.41)	(380,756)	(0.79)
Selling and administrative expense	(1,223,976)	(1.97)	(1,503,172)	(2.58)	(1,431,537)	(2.96)
<b>Total expenses</b>	<b>(62,148,416)</b>	<b>(99.99)</b>	<b>(56,548,620)</b>	<b>(96.93)</b>	<b>(46,702,013)</b>	<b>(96.54)</b>
Profit (Loss) sharing from joint venture	(7,273)	(0.01)	(12,648)	(0.02)	7,824	0.02
<b>Profit before finance costs and income tax</b>	<b>1,351</b>	<b>0.00</b>	<b>1,777,807</b>	<b>3.05</b>	<b>1,683,801</b>	<b>3.48</b>
Finance cost	(440,682)	(0.71)	(410,469)	(0.70)	(411,396)	(0.85)
Income tax expenses	(98,000)	(0.16)	(224,998)	(0.39)	(107,492)	(0.22)
<b>Net profit (loss) for the year</b>	<b>(537,331)</b>	<b>(0.87)</b>	<b>1,142,340</b>	<b>1.96</b>	<b>1,164,913</b>	<b>2.41</b>
<b>Profit (Loss) Sharing</b>						
Attributable to equity holder of the parent	(514,304)	(0.83)	1,115,925	1.91	1,118,723	2.31
Non-controlling interest	(23,027)	(0.04)	26,415	0.05	46,190	0.10
<b>Net profit (loss) for the year</b>	<b>(537,331)</b>	<b>(0.87)</b>	<b>1,142,340</b>	<b>1.96</b>	<b>1,164,913</b>	<b>2.41</b>



Siamgas and Petrochemicals Public Co., Ltd. and Its Subsidiaries

# Statement of Comprehensive Income

As at 31 December

Unit: '000 Baht

	Consolidated Financial Statements					
	2014		2015		2016	
	Amount	%	Amount	%	Amount	%
Net profit (loss) for the year	(537,331)	(0.87)	1,142,340	1.96	1,164,913	2.41
Other comprehensive income (expenses):						
Items that may be reclassified subsequently to profit or loss)						
- Currency translation difference	(329,901)	(0.53)	633,527	1.09	(693,880)	(1.43)
Items that will be reclassified subsequently to profit or loss						
- Remeasurement of post-employment benefit obligations	-	-	-	-	1,367	0.00
Less Income tax relating to remeasurement of post-employment benefit obligations	-	-	-	-	(272)	(0.00)
- Revaluation surplus on land	942,251	1.52	-	-	-	-
Less Income tax relating to revaluation surplus on land	(188,450)	(0.30)	-	-	-	-
Total other comprehensive income (expenses)	423,900	0.69	633,527	1.09	(692,785)	(1.43)
Total comprehensive income (expenses) for the year	(113,431)	(0.18)	1,775,867	3.05	472,128	0.98
Total comprehensive income (expenses) attributable to:						
Owners of the parent	(120,729)	(0.19)	1,766,192	3.03	433,765	0.90
Non-controlling interests	7,298	0.01	9,675	0.02	38,363	0.08
Total	(113,431)	(0.18)	1,775,867	3.05	472,128	0.98



# Statement of Cash Flows

For the years ended 31 December

Unit: '000 Baht

	Consolidated Financial Statements		
	2014	2015	2016
<b>Cash flow from operating activities</b>			
Net profit before income tax	(439,331)	1,367,338	1,272,405
Adjustment of profit (loss) before income tax			
Depreciation- property, plant and equipment	1,027,978	992,329	1,118,428
Amortisation – intangible assets and other assets	61,395	83,872	57,864
Loss (Gain) on sales/written offs of fixed property – net	(37,657)	(33,383)	9,321
Gain on sales of investment property	(57,316)	-	-
Reversal of loss on land revaluation	(26,797)	-	-
Gain from revaluation of short-term investments	-	(5,129)	(523)
(Profit) Loss sharing from joint venture	7,273	12,648	(7,824)
Allowance for doubtful debts (reversal)	(5,072)	(550)	1,307
Reversal of provision for diminution in value of inventories	73,445	(17,853)	(53,684)
Adjustment of net assets from business acquisition	(63,060)	-	-
Dividends income	-	(5,015)	(6,695)
Employee benefit expenses	11,749	12,677	13,640
Unrealised (gain) loss on exchange rate, net	(15,496)	(42,066)	16,355
Amortization of front end fee expenses	5,438	5,036	6,588
Interest income	(31,604)	(26,452)	(20,346)
Finance costs	440,682	410,469	411,396
<b>Gain (Loss) from operating activities before changes in asset and operating liabilities</b>	<b>951,627</b>	<b>2,753,921</b>	<b>2,818,232</b>





Siamgas and Petrochemicals Public Co., Ltd. and Its Subsidiaries

## Statement of Cash Flows (Cont'd)

For the years ended 31 December

Unit: '000 Baht

	Consolidated Financial Statements		
	2014	2015	2016
<b>Changes in operating assets and liabilities</b>			
- Trade and other receivables	628,586	756,725	131,814
- Inventories	1,557,222	(764,553)	1,008,751
- Other current-assets	151,773	(70,439)	(156,093)
- Other non-current assets	(58,227)	(53,488)	474,492
- Trade and other payables	465,429	286,719	(53,130)
- Other current liabilities	(30,831)	26,011	17,777
- Cylinder deposits	216,651	206,917	398,526
- Other non-current liabilities	(4,455)	(4,369)	5,826
- Employee benefits paid	(1,752)	(5,770)	(1,535)
<b>Net cash from operating activities</b>	<b>3,876,023</b>	<b>3,131,674</b>	<b>4,644,660</b>
- Financial cost paid	(444,040)	(407,801)	(407,122)
- Income tax paid	(288,510)	(229,453)	(268,955)
<b>Net cash received from (used in) operating activities</b>	<b>3,143,473</b>	<b>2,494,420</b>	<b>3,968,583</b>

# Statement of Cash Flow (Cont'd)

For the years ended 31 December

Unit: '000 Baht

	Consolidated Financial Statements		
	2014	2015	2016
<b>Cashflow from investing activities</b>			
Cash received (paid) for short-term investment	(252,387)	(50,000)	200,000
Cash received from long-term loan to related business	-	69,524	5,810
Long-term loan to related business	(4,500)	-	-
Cash received from acquisition of subsidiaries	-	-	47,764
Cash paid for investments in joint venture	(8,336)	(62,950)	-
Advance payments for investments in joint venture	-	-	(859,937)
Cash paid for property, plant and equipment	(661,109)	(846,130)	(2,068,546)
Advance payments for equipment	(22,257)	(123,941)	(340,012)
Cash received from disposition of property, plant and equipment	136,097	300,793	30,836
Purchases of intangible assets	(1,554)	(1,430)	(1,232)
Interest received	24,295	31,531	26,437
Dividend received	-	5,015	6,695
<b>Net cash received from (used in) investing activities</b>	<b>(789,751)</b>	<b>(677,588)</b>	<b>(2,952,185)</b>
<b>Cash flows from financing activities</b>			
Cash paid from short-term loans from financial institutions	(983,901)	(1,461,218)	(3,142,635)
Cash received from long-term loans from financial institutions	22,294	129,998	1,076,478
Repayment of long-term loans from financial institution	(286,722)	(304,965)	(387,345)
Cash received from issue of bonds - net	1,296,531	1,995,690	2,993,560
Repayment for bond redemption	(1,500,000)	(1,500,000)	(1,500,000)
Cash paid for repayment of liabilities under finance lease agreement	(34,096)	-	-
Dividends payment	(601,091)	(370,172)	(447,030)
<b>Net cash received from (used in) financing activities</b>	<b>(2,086,985)</b>	<b>(1,510,667)</b>	<b>(1,406,972)</b>
Net Increase (decrease) in cash and cash equivalents	266,737	306,165	(390,574)
Cash and cash equivalent – opening balance	1,689,573	1,956,407	2,270,150
Exchange gains (loss) on cash and cash equivalents	97	7,578	(243)
<b>Cash and cash equivalents in closing balance</b>	<b>1,956,407</b>	<b>2,270,150</b>	<b>1,879,333</b>



## Financial Ratio

	Consolidated Financial Statements		
	2014	2015	2016
<b>Liquidity Ratio</b>			
- Current ratio (times)	0.84	0.97	1.16
- Quick ratio (times)	0.54	0.57	0.72
- Cash flow liquidity ratio (times)	0.16	0.21	0.24
- Account receivable turnover (times)	16.78	19.00	19.05
- Average collection period (days)	21.75	19.21	19.16
- Inventory turnover (times)	13.79	13.86	11.63
- Average days sales (days)	26.46	26.34	31.39
- Account payable turnover (times)	17.76	14.32	13.59
- Average payment period (days)	20.55	25.49	26.86
- Cash cycle (days)	27.66	20.06	23.69
<b>Profitability Ratio</b>			
- Gross profit margin (%)	1.35	5.23	6.00
- Operating profit margin (%) <sup>(1)</sup>	0.00	3.06	3.50
- Net profit margin (%)	(0.87)	1.96	2.41
- Return on equity (%)	(6.42)	11.69	11.89
<b>Efficiency Ratio</b>			
Return on assets (%)	(1.90)	3.93	4.08
Return on fixed assets (%)	3.65	14.55	14.88
Asset turnover (times)	4.11	3.83	3.08
<b>Financial Policy Ratio</b>			
Interest - bearing debt to equity ratio (times) <sup>(2)</sup>	1.39	1.07	0.97
Total debt ratio to equity (times)	2.37	1.98	1.91
Interest coverage ratio (times) <sup>(3)</sup>	0.00	4.33	4.09
Solvency ratio (times)	0.72	0.53	0.45
Divident payout ratio (%)	(111.87)	32.40	38.37
<b>Per shares (portion of parent company)</b>			
Book value per share	8.99	10.51	10.53
Net earning (loss) per shares	(0.56)	1.21	1.22

Remark : <sup>(1)</sup> Ratio of operating profit margin equals 0.0022 (however, as it showed in 2 decimal places, so it displayed as 0.00).

<sup>(2)</sup> The above Interest - Bearing debt to equity ratio is the financial ratio that the SGP must maintain at ratio to be not more than 2 times pursuant to regulations on rights and obligation of bond issuer in Clause 7.3 (H).

<sup>(3)</sup> Interest coverage ratio equals 0.0031 (however, as it showed in 2 decimal places, so it displayed as 0.00).



# Analysis and Discussion of the Management

The following discussion and analysis of operational results and financial positions for 2016 was prepared by compared with operational results and consolidated financial statements of 2015 and 2014, respectively.

## 1. Operational Results

### Revenue

The revenue of the company and its subsidiaries was mainly derived from sales of LPG, ammonia, other petrochemicals, LPG tanks for automotive and other products. The average sales revenue for 3 years backdated from 2014-2016 was the largest portion or 98-99% of total revenue, followed by combined revenue from LPG logistics business & other petrochemicals including revenue from service provision which were approximately 1% of total revenue. Total revenue of the company and its subsidiaries decreased from 62,157 million baht in 2014 to 58,339 million baht in 2015 and 48,378 million baht in 2016 with mainly reason attributable to reduction of LPG prices in the world market (CP SAUDI ARAMCO) since February 2014 as they have been impacted from the world market condition because the production amount exceeded market requirements and reduction of energy prices pursuant to the world economic slowdown.

### (1) Sales Revenue

Sales Revenue was divided into 4 categories:

- (1) Revenue from sales of LPG and anhydrous ammonia ("ammonia"),
- (2) Revenue from sales of other petrochemicals,
- (3) Revenue from sales of LPG tanks for automotive, and
- (4) Revenue from sales of other products

**Table 1 :** Revenue from sales of SPG and its subsidiaries from 2014 – 2016

(Unit: Million Baht)

	Consolidated Financial Statements					
	2014		2015		2016	
	Amount	%	Amount	%	Amount	%
Revenue from sales of LPG and ammonia	60,300	98.56	56,847	98.72	46,828	98.19
Revenue from sales of other petrochemicals	875	1.44	735	1.28	712	1.49
Revenue from sales of LPG tanks for automotive	2	-	-	-	2	-
Revenue from sales of other products	-	-	-	-	152	0.32
<b>Total Revenues from Sales</b>	<b>61,177</b>	<b>100.00</b>	<b>57,582</b>	<b>100.00</b>	<b>47,694</b>	<b>100.00</b>





### Revenue from sales

Revenue from sales was considered as major portion of revenue of the company and its subsidiaries, as more than 98-99% of total revenue during 2014 – 2016 mainly came from sales of LPG and ammonia anhydrous (Ammonia). The company and its subsidiaries distributed LPG to each of LPG commission agents for filling LPG into cylinders for retailers and end-users and direct distribution to dealers, industrial manufacturing plants, LPG stations for automotive, and so on.

Revenue from sales for 2015 was 57,582 million baht, decreasing 3,595 million baht or 5.88% comparing to the same period of 2014 which was 61,177 million baht. Main reason was due to unit prices of LPG per unit was lower than last year as a result of continued reduction of LPG prices in the world market (CP SAUDI ARAMCO)

since 2014 which made selling price per unit of overseas LPG business reduced accordingly. Such prices made overall revenue from sales of the group reduced, even though amount of LPG sold by the group increased by 16.0% from the previous year.

Revenue from sales for 2016 was 47,694 million Baht, decreasing by 9,888 million Baht or 17.17% comparing with the same period of 2015 which was at 57,582 million baht. The main reason was the reduction of revenue from sales of domestic and overseas LPG businesses. Reduction of revenue from sales of domestic LPG business was due to reduction of sales volume, while for overseas LPG business, it was mainly due to the significantly decrease of LPG prices in the world market (CP SAUDI ARAMCO) when compared with the same period of 2015.

**Table 2 : Revenue from sales of SPG and its subsidiaries from 2014 – 2016**

(Unit: Million Baht)

	Consolidated Financial Statements					
	2014		2015		2016	
	Amount	%	Amount	%	Amount	%
Domestic customers						
Household use customers	12,393	20.98	12,355	22.20	11,087	24.23
Fuel use customers	6,973	11.81	6,229	11.19	4,582	10.01
Industrial use customers	2,794	4.73	2,408	4.33	2,191	4.79
Overseas customers	36,903	62.48	34,661	62.28	27,902	60.97
<b>Total</b>	<b>59,063</b>	<b>100.00</b>	<b>55,653</b>	<b>100.00</b>	<b>45,762</b>	<b>100.00</b>

### Revenue from sales of LPG

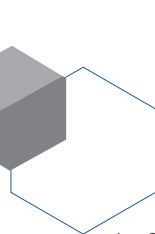
Revenue from sales of LPG in 2015 of the company and its subsidiaries was 55,653 million baht, decreasing by 3,410 million baht or 5.77% comparing with the same period of last year which was at 59,063 million baht, mainly due to the decreased revenue from sales of LPG to overseas customers by 6.08% as a result of the continued reduction of LPG prices in the world market.

Revenue from sales of LPG in 2016 of the company and its subsidiaries was 45,762 million baht, decreasing by 9,891 million baht or 17.77% comparing with the same period of last year which was at 55,653 million baht, mainly due to the decreased revenue from sales of LPG to domestic and overseas customers. Reduction of revenue from sales of domestic LPG business was attributable to reduction of sales volume. While revenue from sales of overseas LPG business decreased by

6,759 million baht, or 19.50% was mainly due to the significantly decrease of LPG prices in the world market (CP SAUDI ARAMCO) since 2014. Overall LPG prices in the world market for 2016 and 2015 were averagely at 340 USD per metric ton and 426 USD per metric ton, respectively, so it significantly impacted to revenue from sales of overseas LPG business.

### Revenue from sales of anhydrous ammonia (ammonia)

In 2015, revenue from sales of ammonia of UGP, the subsidiary, was 1,194 million baht, decreasing by 43 million baht or 3.48% comparing to the same period in 2014 which was at 1,237 million baht, as a result from continued slowdown of Para rubber industry and prices of Para rubber in the market as well as decreased demand of ammonia, as raw material, which was in line with Para rubber industrial conditions and overall economic situations.



In 2016, revenue from sales of ammonia of UGP, the subsidiary was 1,066 million baht, decreasing by 128 million baht or 10.72% comparing to the same period in 2015 which was at 1,194 million baht, as a result from continued slowdown of Para rubber industry and prices of Para rubber in the market as well as decreased demand of ammonia, as raw material, which was in line with Para rubber industrial conditions and overall economic situations.

**Revenue from sales of other petrochemicals**

Revenue from sales of other petrochemicals such as propellant, diesel oil, coal, etc. was under the operations of the company and UGP, the subsidiary. Average sales revenue of other petrochemicals during 2014 - 2016 accounted for 1-2% of the total revenue from sales of the group.

In 2015 revenue from sales of other petrochemicals was 735 million baht, or decreasing by 140 million baht, or 16% when comparing to the same period of 2014 which was at 875 million baht, as a result of the slowdown of overall economic situations.

In 2016 revenue from sales of other petrochemicals was 712 million baht, or decreasing by 23 million baht, or 3.13% when comparing to the same period of 2015 which was at 735 million baht, as a result of the continued slowdown of overall economic situations.

**Revenue from sales of other products**

Revenue from sales of other products in 2016 was 154 million baht, primarily derive from gasoline distribution business of SSW, the subsidiary, of 135 million baht, when compared with the same period of 2015 which has not yet commenced its business. In 2016, revenue from sales of raw material of ethanol business was 17 million baht.

**(2) Revenue from transportation**

The revenue from transportation business was generated under operations of LCR and SLM, the group’s subsidiaries. LCR and SLM provide transportation services to the group and customers outside the group. The revenue from transportation shown in the consolidated financial statement was only the revenue from transportation services provided to customers outside the group only which was at 421 million baht in 2014 and was down to 344 million baht in 2015, then increased to 441 million baht in 2016. Such transportation revenue was categorized by road transportation and marine transportation services as follows:

**Table 3 :** Revenue from Road Transportation and Marine Transportation services provided to customers outside the group during 2014- 2016

(Unit: Million Baht)

	Consolidated Financial Statements					
	2014		2015		2016	
	Amount	%	Amount	%	Amount	%
Customers outside of the group						
Revenue from road transportation	355	84.32	309	89.83	206	46.71
Revenue from marine transportation	66	15.68	35	10.17	235	53.29
<b>Total Revenue from Transportation</b>	<b>421</b>	<b>100.00</b>	<b>344</b>	<b>100.00</b>	<b>441</b>	<b>100.00</b>





### Revenue from road transportation

In 2015, revenue from road transportation was 309 million baht, a decrease by 46 million baht, or 12.96% when comparing with the same period of 2014 which was at 355 million baht with main reason was due to overall LPG volume distributed domestically decreased when compared with those of 2014, so it made demand on transportation of the customers outside the group also reduced accordingly.

In 2016, revenue from road transportation was 206 million baht, a decrease by 103 million baht, or 33.33% when comparing with the same period of 2015 which was at 309 million baht because it emphasized on providing more transportation services to the group.

### Revenue from marine transportation

The revenue from marine transportation was from SLM, the subsidiary, which comprised revenues from provision of transportation of LPG and petroleum products, both in Thailand and overseas. In 2015, revenue from marine transportation was 35 million baht, a decrease by 31 million baht, or 46.97% when comparing with the same period of 2014 which was at 66 million baht. Most of revenue from LPG transportation of SLM came from providing services to the group, both domestically and internationally.

In 2016, revenue from marine transportation was 235 million baht, an increase by 200 million baht, or 571.43% when comparing with the same period of 2015 which was at 35 million baht, mainly due to SLM has increased revenue from LPG transportation services to customers outside the group.

### (3) Service Revenue

Service Revenue comprised of revenue from cylinder repair, throughput service, container terminal service, LPG reserve storage service and others.

In 2015, service revenue of the group was 156 million baht, decreasing by 4 million baht or 2.50% when compared with the same period of 2014, which was at 160 million baht because revenue gained from throughput service, container terminal services and cylinder repair from the customers outside the group declined.

In 2016, service revenue of the group was 26 million baht, decreasing by 130 million baht or 83.33% when compared with the same period of 2015, which was at 156 million baht because revenue gained from throughput service, container terminal services and cylinder repair from the customers outside the group declined which was in line with the slowdown economic conditions of the customers outside the group.

### (4) Other Revenues

Other revenue comprised of gain on currency exchange, interest received, rental revenue, profit from sales of property, plant and equipment.

Other revenue of the group for 2015 was 252 million baht, decreasing by 146 million baht or 36.68% comparing with the same period of last year which was at 398 million baht. Main reason was due to the decrease of gain on currency exchange of the group whereas main transaction came from overseas LPG business. In 2014 it showed gain of 32 million baht, while in 2015 it showed loss from currency exchange of 174 million baht in Selling and Administrative Expenses Part. Moreover, profit from sales of assets of the group also decreased by 59 million baht, when compared with the previous year.

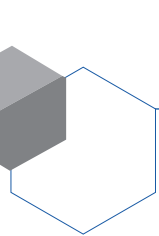
Other revenue of the group for 2016 was 210 million baht, decreasing by 42 million baht or 16.67% comparing with the same period of last year which was at 252 million baht. Main reason was due to the decrease of profit from sales of assets of the group by 38.52 million baht, when compared with the previous year.

### Expenses

#### Cost of sales, services and transportation

Cost of sales, services and transportation of SGP and its subsidiaries were divided into 2 major categories: cost of sales & services and cost of transportation.

In 2015, total cost of sales, services and transportation of SPG and its subsidiaries was 55,046 million baht, a decrease by 5,878 million baht or 9.65% when comparing with the same period of 2014 which was at 60,924 million baht. This was mainly due to the decrease of revenue from overseas LPG business which was pursuant to reduction of LPG prices in the world market (CP SAUDI ARAMCO), which made cost varied as per the decreased sales volume.



In 2016, total cost of sales, services and transportation of SPG and its subsidiaries was 45,271 million baht, a decrease by 9,775 million baht or 17.76% when comparing with the same period of 2015 which was at 55,046 million baht. This was mainly due to the decrease of revenue from overseas LPG business which was pursuant to reduction of LPG prices in the world market (CP SAUDI ARAMCO), which made cost varied as per the decreased sales volume, as per mentioned in Revenue from sales of LPG above.

#### (1) Cost of sales and services

Cost of sales and services according to the consolidated financial statement comprised of cost of LPG sales, cost of ammonia sales, cost of sales of other petrochemicals, cost of LPG tanks for automobile and cost of other products.

Cost of LPG and ammonia sales in 2015 of the company and its subsidiary was 54,248 million baht, decreased by 5,655 million baht or 9.44%, when comparing with the same period of 2014 which was at 59,903 million baht. Main reason was cost of LPG per unit was lower than that of last year as a result of the continual decreased price of LPG in the world market since 2014. Consequently, cost of sales of overseas LPG business was lower than the previous year and such reduction was in the same direction of income of the group.

In 2016, cost of LPG and ammonia of the company and its subsidiary was 44,186 million baht, decreased by 10,062 million baht or 18.55%, when comparing to the same period of 2015 which was at 54,248 million baht. Main reason was due to reduction of LPG to overseas customers as a result of the continual decreased price of LPG in the world market since 2014. Consequently, cost of sales of overseas LPG business was significantly lower than the previous year.

Cost of other petrochemical products in 2015 was 558 million baht, decreasing 125 million baht or 18.30% compared with the cost in 2014 which was at 683 million baht. The cost was varied according to sales volume of propellant of the group which decreased pursuant to overall industrial and economic condition.

Cost of other petrochemical products in 2016 was 550 million baht, decreasing 8 million baht or 1.43% compared with the cost in 2015 which was at 558 million baht. The cost was varied according to sales volume of propellant of the group which decreased pursuant to overall industrial and economic condition.

#### Cost of other products

Cost of other products of the company and its subsidiaries in 2016 was 152 million baht, primarily come from gasoline distribution business of SSW, the subsidiary which commenced its business on April 2016, which has costs of 135 million baht, when compared with the same period of 2015 which has not yet commenced its business. Cost from sales of raw material of ethanol business was increased by 17 million baht.

#### (2) Cost of transportation

Costs of transportation comprised of fuel, personnel, vehicle & vessel maintenance and repair, depreciation, utilities and others. Cost of transportation in the consolidated financial statement was only the part of transportation provided to customers outside the group.

Cost of transportation was 335 million baht, 240 million baht and 381 million baht in 2014, 2015 and 2016, respectively, mainly was due to the increase of marine transportation cost which was in line with the revenue. The costs of transportation could be divided into costs of road transportation and marine transportation







### Cost of road transportation

In 2015, cost of road transportation was 211 million baht, decreasing by 33 million baht, or 13.52% when compared with 2014 which was at 244 million baht. Such cost was varied according to reduced revenue from road transportation rendered to the customers outside of the group, as per mentioned in revenue from road transportation above.

In 2016, cost of road transportation was 150 million baht, decreasing by 61 million baht, or 28.91% when compared with 2015 which was at 211 million baht. Such cost was varied according to reduced revenue from road transportation rendered to the customers outside of the group, as per mentioned in revenue from road transportation above.



### Cost of marine transportation

Cost of marine transportation in 2015 was 29 million baht, decreasing by 62 million baht or 68.13% comparing with 2014 which was at 91 million baht because revenue from marine transportation services that SLM, a subsidiary, provided to customers outside the group had decreased as SLM changed its business strategy to principally focus on service provision of LPG transportation to the companies within the group instead, as per mentioned above.

Cost of marine transportation in 2016 was 231 million baht, increasing by 202 million baht or 696.55% comparing with 2015 which was at 29 million baht which was an adjustment in line with the revenue from more marine transportation services that SLM rendered to the customers outside of the group, as per mentioned above.



### Selling and administration expenses

Selling and administration expenses of SGP and its subsidiaries mainly comprised of expenses related to employees, director and executive's remuneration, depreciation, rental, amortization of leasehold right, intangible assets and other assets, utilities, and others.

In 2015, selling and administration expenses was 1,503 million baht, increasing by 279 million baht or 22.79%, comparing to the same period of 2014 which was at 1,224 million baht which was mainly due to the increased expenses relating to the employees pursuant to the policy of the group and loss from currency exchange.

In 2016, selling and administration expenses was 1,431 million baht, decreasing by 72 million baht or 4.79%, comparing to the same period of 2015 which was at 1,503 million baht which was mainly due to the loss from currency exchange.

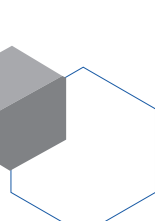


### Depreciation and Amortization

In 2015, total depreciation and amortization of the group was 1,076 million baht, decreased by 13 million baht, or 1.19% when comparing with that of 2014 which was at 1,089 million baht because depreciation and amortization of some of the assets have been fully calculated pursuant to their useful life but they are still in service during the period, therefore realization of depreciation and amortization was lower than the same period of last year.

In 2016, depreciation and amortization of the group was 1,176 million baht, increased by 100 million baht or 9.29% from that of 2015 which was at 1,076 million baht as the group realized increased depreciation from LPG storage terminals, LPG filling plants and service stations and LPG vessel tanks due to business expansion of the group.





### Financial Costs

In 2015, the group had financial costs of 411 million baht, decreased by 30 million, or 6.80% baht when compared with that of 2013 which was at 441 million baht, primarily because the group repaid a large amount of short-term loan and long-term loan during the year and the decreased loan interest rate was lower than the previous year as a result from the financial management of the group.

In 2016, the group had financial costs of 411 million baht, which was slightly changed when compared with that of 2015, primarily because the group repaid a large amount of short-term loan and long-term loan during the year and the decreased loan interest rate was lower than the previous year as a result from the financial management of the group.



### Gross Profit, Operating Profit and Net Profit

In 2015, the group's gross profit was 3,037 million baht, increasing by 2,203 million baht, or 264.15% when compared with the same period of 2014 which was at 834 million baht. In addition, gross profit margin of the group has increased by 5.23% when compared with the same period of 2014 which was 1.35% as a result of the decreased prices of LPG in the world market (CP SAUDI ARAMCO). Hence, it significantly impacted to cost of goods available for sales of overseas LPG business. However, since the reduction rate of LPG prices in 2015 was much lower when compared with the previous year, so it made gross profit margin of the group considerably increase.

In 2016, the group's gross profit was 2,891 million baht, decreasing by 146 million baht, or 4.80% when compared with the same period of 2015 which was at 3,037 million baht. In addition, gross profit margin of the group has increased by 6.00% when compared with the same period of 2015 which was 5.23% as a result of the decreased prices of LPG in the world market (CP SAUDI ARAMCO) when compared with the same period of last year.

Operating Profit (before financial cost and corporate tax) of the group in 2014 was 1 million baht and in 2016 was 1,778 million baht, increased by 1,777 million baht. Profit in 2016 was 1,684 million baht, decreasing by 94 million baht when compared with the same period of 2015, or accounting for ratio of operating profit per total revenue (excluding other revenues) was 0.00%, 3.05% and 3.48% in 2014, 2015 and 2016, respectively.

Net profit in 2015 was 1,142 million baht, increasing by 1,679 million baht from 2014 (net loss in 2014 was (537) million baht) mainly due to operating profit from overseas LPG business. Ratio of net profit (loss) to total revenue was 2.49%, (0.87%) and 1.96% in 2013, 2014 and 2015, respectively.

Net Profit in 2016 was 1,165 million baht, increasing by 23 million baht from 2015. Main reasons were due to gain from overseas LPG business as a result from the decrease of LPG prices in the world market (CP SAUDI ARAMCO) of overseas LPG business. Ratio of net profit (loss) to total revenue (excluding dividend income) was (0.87%), 1.96% and 2.41% in 2014, 2015 and 2016, respectively.





## 2. Financial Position

### Total Assets

Total assets of the company and its subsidiaries had increased during the past 3 years, for instance total assets as at December 31, 2014 was 28,243 million baht, as at December 31, 2015 was 29,098 million baht and as at December 31, 2016 was 28,557 million baht. Most of total assets as of December 31, 2016 or equaled to 68.78% of the total assets were non-current assets

because LPG trading and logistics businesses required high investment to be used in LPG storage terminals, LPG filling plants, LPG service stations, LPG and ammonia vessel tanks and transporting vehicles. The remaining or 31.23% of total assets were current assets which mostly were trade account receivable and inventories as per the following details:

### Trade and other receivables - net

Details on trade and other receivables - net are as follows:

**Table 4 :** Details of trade and other receivable-net of SGP and its subsidiaries

(Unit: Million Baht)

	Consolidated Financial Statements					
	2014		2015		2016	
	Amount	%	Amount	%	Amount	%
Trade Accounts Receivables – Net	3,437	85.63	2,616	79.39	2,337	75.66
Trade Accounts Receivables – Related parties	32	0.80	56	1.70	49	1.58
Prepayments	206	5.13	226	6.86	182	5.89
Advance Payments	73	1.82	192	5.83	173	5.60
Other Receivables	266	6.62	205	6.22	348	11.27
<b>Total Trade and Other Receivables – Net</b>	<b>4,014</b>	<b>100.00</b>	<b>3,295</b>	<b>100.00</b>	<b>3,089</b>	<b>100.00</b>

As at December 31, 2014, trade and other receivables decreased by 690 million baht, when compared with the same period of 2013 mainly due to the reduction of trade account receivable of 480 million baht as a result of decreased sales volume from 2013 caused by impact from reduction of LPG prices in the world market (CP SAUDI ARAMCO).

As at December 31, 2015, trade and other receivables decreased by 719 million baht, when compared with the same period of 2014 mainly due to the reduction of overseas trade account receivable of 821 million

baht as a result of the reduction of LPG prices in the world market (CP SAUDI ARAMCO) which were lower than the previous year. In addition, selling prices as at December 31, 2015 was lower than the prices as at December 31, 2014, hence, value of trade account receivables has reduced accordingly.

As at December 31, 2016, trade and other receivables decreased by 206 million baht, when compared with the same period of 2015 mainly due to the reduction of trade account receivable caused by impact from reduction of LPG prices in the world market (CP SAUDI ARAMCO).

**Table 5 : Trade accounts receivables classified by aging of the SGP and its subsidiaries**

(Unit: Million Baht)

	Consolidated Financial Statements					
	Dec. 31, 2014		Dec. 31, 2015		Dec. 31, 2016	
	Amount	%	Amount	%	Amount	%
Current	3,191	91.20	2,165	80.85	1,753	73.04
Overdue :						
- less than 3 months	186	5.32	379	14.15	319	13.29
- 3 -12 months	50	1.43	36	1.34	239	9.96
- over 12 months	72	2.05	98	3.66	89	3.71
<b>Total Trade Accounts Receivables</b>	<b>3,499</b>	<b>100.00</b>	<b>2,678</b>	<b>100.00</b>	<b>2,400</b>	<b>100.00</b>
Less Allowance for doubtful accounts	(62)	(1.77)	(62)	(2.32)	(63)	(2.63)
<b>Trade Accounts Receivables - Net</b>	<b>3,437</b>	<b>98.23</b>	<b>2,616</b>	<b>97.68</b>	<b>2,337</b>	<b>97.37</b>

According to the table 14.5 above, 73.04% of the trade accounts receivables of the company and its subsidiaries as at December 31, 2016 was current, the remaining accounts receivables was divided into less than 3 months overdue of 13.29%, on average of 3-12 months overdue of 9.96% and over 12 months overdue of 3.71% of total accounts receivable. In this regard, the company and its subsidiaries set aside almost fully allowance for doubtful account for account receivables with over 12 months overdue. In addition, the company and its subsidiaries had a policy in reserving allowance for doubtful accounts at the end of each period for account receivable expected to be unable to collect based on

historical collection records and customers' financial status. In the over 1-year overdue accounts, the full amount would be reserved as allowance for doubtful accounts.

Average collection period of the company and its subsidiaries during 2014 until December 31, 2016 was not longer than 22 days.

### Inventory

Most inventories of SGP and its subsidiaries as at 31 December 2016 was LPG of 87.35%. The average inventory turnover was 26-31 days sales during 2014 until December 31, 2016.





**Table 6 : Inventories – Net of the SGP and its subsidiaries**

(Unit: Million Baht)

	Consolidated Financial Statement					
	Dec. 31, 2014		Dec. 31, 2015		Dec. 31, 2016	
	Amount	%	Amount	%	Amount	%
Raw Materials	47	1.33	39	0.89	25	0.75
Work in Process	20	0.56	21	0.48	16	0.47
<b>Finished Goods</b>						
LPG	2,643	74.77	3,305	75.54	2,922	87.35
Petrochemical Products	49	1.39	37	0.85	23	0.69
Oil Products	54	1.53	91	2.08	119	3.56
Other Finished Goods	15	0.42	11	0.25	16	0.48
Goods in Transit	641	18.13	835	19.09	137	4.10
Supplies and Others	151	4.27	103	2.35	100	2.99
<b>Total Inventories</b>	<b>3,620</b>	<b>102.40</b>	<b>4,442</b>	<b>101.53</b>	<b>3,358</b>	<b>100.39</b>
Less Allowance for diminution in value of inventories	(85)	(2.40)	(67)	(1.53)	(13)	(0.39)
<b>Inventories - Net</b>	<b>3,535</b>	<b>100.00</b>	<b>4,375</b>	<b>100.00</b>	<b>3,345</b>	<b>100.00</b>

Net inventory of SGP and its subsidiaries as at December 31, 2014 was 3,535 million baht, decreased from 2013 by 1,715 million baht which was part of cost management strategy to maintain inventory level suitable with seasonal and market demands.

Net inventory balance of SGP and its subsidiaries as at December 31, 2015 was 4,375 million baht, increased from 2014 by 840 million baht which mainly due to an increase of inventory in overseas business pursuant to cost management strategy to maintain inventory level suitable with seasonal and market demands.

Net inventory balance of SGP and its subsidiaries as at December 31, 2016 was 3,345 million baht, increased from 2014 by 1,030 million baht which mainly due to an increase of inventory in overseas business pursuant to cost management strategy to maintain inventory level suitable with seasonal and market demands.

Moreover, 95.70% of inventories of SGP and its subsidiaries as at December 31, 2016 included that of LPG, petrochemical products, and oil products which would not be obsoleted. Therefore, the group set aside allowance for devaluation of inventories in insignificant amount.

## Other Current Assets

Other current assets comprised of value added tax receivable, corporate tax receivable, deposit and others as per following details:

**Table 7 :** Details of other current assets of SGP and its subsidiaries

(Unit: Million Baht)

	Consolidated Financial Statements		
	Dec. 31, 2014	Dec. 31, 2015	Dec. 31, 2016
Value Added Tax Refundable	173	151	182
Corporate income Tax Refundable	7	8	18
Deposits for inventory	6	15	13
Deposit for tariff customs	-	76	182
Deposits at bank used as collateral	-	-	59
Others	77	164	44
<b>Total</b>	<b>263</b>	<b>338</b>	<b>498</b>

As at December 31, 2014, other current assets of the group was 263 million baht, decreased by 141 million baht from December 31, 2013, mainly because value added tax receivable from public sector and deposits of SOGEL and SINO, subsidiaries in China, in 2014 were lower than the balance as at December 31, 2013.

As at December 31, 2015, other current assets of the group was 338 million baht, increased by 75 million baht when compared with December 31, 2014, mainly due to an increase of other receivables of 87 million baht which came from advance payment of import tax as at ending period of SOGEL, a subsidiary in China.

As at December 31, 2016, other current assets of the group was 498 million baht, increased by 160 million baht when compared with December 31, 2015, mainly came from deposit for custom duty of SOGEL, a subsidiary in China, and bank deposit guarantee liability of Super gas, a subsidiary in Vietnam. The amount was 106 million baht and 59 million baht consecutively.

## Property, Plant and Equipment - Net

The major assets used for business operations of SGP and its subsidiaries are property, plant, terminals, LPG filling plants, LPG stations and storage equipments for LPG, LPG cylinders, LPG vessel tankers, vehicles, and others.



**Table 8 :** Details of property, plant and equipment - net of the company and its subsidiaries

(Unit: Million Baht)

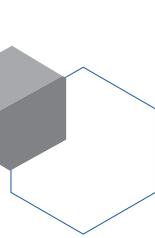
Category / Description	Consolidated Financial Statements		
	Dec. 31, 2014	Dec. 31, 2015	Dec. 31, 2016
1 Land	2,159	2,165	2,403
2 Building, Infrastructure and Land Improvement	3,405	3,512	3,553
3 Terminals, Gas filling and Service Stations, and Gas storage tanks	1,133	1,114	1,473
4 Gas Vessels	1,921	2,319	2,771
5 Gas Cylinders	1,893	1,875	2,047
6 Machines factory tools and Equipment	1,480	1,333	1,100
7 Furniture Fixtures and Office Equipment	473	269	256
8 Vehicles	532	504	597
9 Construction in progress	882	913	290
<b>Total</b>	<b>13,878</b>	<b>14,004</b>	<b>14,490</b>
Plus Increased value from land appraisal	1,248	1,248	1,248
Less Decreased value from land appraisal	(6)	(6)	(6)
<b>Property, Plant and Equipment - Net</b>	<b>15,120</b>	<b>15,246</b>	<b>15,732</b>

As at December 31, 2014, value of property, land and equipment-net of SGP and its subsidiaries was 15,120 million baht, increasing by 685 million baht from 2013, mainly due to the following reasons:

During 2014, the company and its subsidiaries disposed and transferred out net assets of 26 million baht and depreciation of asset during the period of 1,027 million baht, including decreasing value of property, land and equipment resulting from differentiation of financial budget of 13 million baht. In 2014, the company and its subsidiary realized additional land appraisal of 969 million baht in the consolidated financial statement

and operating assets have been purchased during the period of 756 million baht (most of them are to increase LPG cylinders of 239 million baht) with net asset disposal of 26 million baht. Land has been reappraised by UK Valuations and Agency Co., Ltd., an independent valuation firm, during January 2, 2014-February 18, 2014. Criteria used for appraisal is market comparison approach.

As at December 31, 2015, value of property, land and equipment of SGP and its subsidiaries was 15,246 million baht, increasing by 126 million baht from 2014, due to disposal of net assets of 266 million baht and depreciation of assets during the year of 992 million



baht, including increasing value of property, land and equipment resulting from differentiation of financial budget of 526 million baht and additional operating assets had been purchased and transferred in during the period of 858 million baht, where most of them were to increase LPG cylinders of 206 million baht and construction work in progress from the LPG tank vessel dockyard of 396 million baht.

As at December 31, 2016, value of property, land and equipment of SGP and its subsidiaries was 15,732 million baht, increasing by 486 million baht from 2015,

due to additional operating assets had been purchased and transferred in the period of 1,915 million baht, (most of them are to increase land of 238 million baht, LPG cylinders of 391 million baht, purchased LPG vessel of 392 million baht, and construction work in progress of 709 million baht). In addition, the increase also came from transferred of construction work in progress of 137 million from Far East, a company subsidiary, depreciation of assets during the year of 1,118 million baht, and differentiation of financial budget of 409 million baht.

Goodwill

Table 9 : Details of goodwill are as follows:

(Unit: Million Baht)

Category / Description	Consolidated Financial Statements		
	Dec. 31, 2014	Dec. 31, 2015	Dec. 31, 2016
UGP, the subsidiary	1,152	1,152	1,152
SEEC, the subsidiary	22	22	22
SingGas, the subsidiary	137	137	137
SuperGas, the subsidiary	227	227	227
Total Goodwill	1,538	1,538	1,538

Goodwill is the cost of investment which is higher than fair value of investment that the group has sharing in net assets of the subsidiaries as of the acquisition date. Goodwill from acquisition of the subsidiaries shall be presented as separate item in the consolidated financial statement.

Goodwill as at December 31, 2014 and as at December 31, 2016 was 1,538 million baht.





## Other Non-Current Assets

**Table 10 :** Details of other non-current assets of the company and the subsidiaries as follows:

(Unit: Million Baht)

	Consolidated Financial Statements		
	Dec. 31, 2014	Dec. 31, 2015	Dec. 31, 2016
Accrued interest on loans to subsidiaries	4	7	-
Deposits at bank used as collateral	27	18	18
Deposits	38	28	28
Corporate income tax refundable	59	59	60
Advance payment for purchases of equipment	-	189	102
Deposit for investment in joint venture	-	-	860
Deferred charge	9	22	14
Prepaid rental	540	542	477
Leasehold right	92	88	66
Others	36	41	42
<b>Total Other Non-current Assets</b>	<b>805</b>	<b>994</b>	<b>1,667</b>

As at December 31, 2014, other non-current assets were reduced by Baht 39 million from 2013 with mainly reason was that during 2014, cylinders have been transferred from deposits for cylinder production account to fix assets account amounting to 51 million baht.

As at December 31, 2015, other non-current assets increased by 189 million baht from 2014 with mainly reason was that during 2015, advance payment for equipment for business operation increased by 189 million baht.

On July 18, 2016, Siam Gas Power Pte. Ltd. ("SPW"), which is a subsidiary of the Company, entered into a share purchase agreement for investment in the combined cycle power plant in Myanmar, with a total consideration of USD 48 million or approximately 1,688.16 million baht. The source of fund is from the net working capital of the Group and borrowing from financial institution. SPW has purchased shares of two companies which are MSN International Limited ("MSN") and Asiatech Energy Pte. Ltd. ("AEPL") at the same proportion of 30% of registered and paid up capital in each company, for the purpose of holding shares in

the combined cycle power plant directly. The payment of investment is divided into two tranches: the first tranche, SPW paid USD 24 million or 860 million baht to acquire 30% of registered and paid up capital shares in MSN and AEPL, which was paid on July 29, 2016, and the second tranche, SPW will pay the remaining amount to the seller when SPW is granted permission from the relevant authorities in Myanmar to hold shares in the combined cycle power plant directly, and become one of the investors in joint venture of the power plant. The second tranche expects to be completed in 2017.

If the direct holding of shares in the power plant is not successfully, SPW has the right to terminate the share purchase agreement and refund all payments as above. Therefore, the Group has recorded the payment as deposit for investment in joint ventures as of December 31, 2016.

- And other non-current asset decreased during the year due to advance payment on equipment decreased by 87 million baht, advance lease payment decreased by 65 million baht, and leasehold right decreased by 22 million baht.

## Liabilities

### Short-term Loan from Financial Institutions - Net

As at December 31, 2014, short-term loans from commercial banks of SGP and its subsidiaries decreased to 6,347 million baht with interest rates in the range of 3.20-3.35 percent per annum because loan repayment has been paid during the period

As at December 31, 2015, short-term loans from commercial banks of SGP and its subsidiaries decreased to 4,886 million baht with interest rates in the range of 0.99 - 3.30 percent per annum because loan repayment has been paid during the period.

As at December 31, 2016, short-term loans from commercial banks of SGP and its subsidiaries decreased to 1,727 million baht with interest rates in the range of 1.20 - 2.75 percent per annum because loan repayment has been paid during the period.

### Trade and Other Accounts Payable

Main trade accounts payable in Thailand were the suppliers of petroleum and petrochemicals such as PTT Public Company Limited, Esso (Thailand) Public Company Limited, Thaioil Public Company Limited and IRPC Public Company Limited and most of them had credit term of approximately 19-30 days.

Main foreign trade accounts payable were the suppliers of petroleum and petrochemicals, such as SHELL, VITOL, ASTOMOS, ITOCHU and etc, and most of them had credit term of approximately 20-30 days.

Trade and other accounts payables of SGP and its subsidiaries as at December 31, 2014 increased to 3,751 million baht, as at December 31, 2015, it increased to 4,010 million baht and as at December 31, 2016, it increased to 4,031 million baht.

As at December 31, 2016, trade and other account payables increased by 21 million baht from the previous year mainly because trade payable changed pursuant to balance of inventory in each year. During the past period, SGP and its subsidiaries had made payments to the suppliers in time, so average payment period of SGP and its subsidiaries during 2014 until as at December 31, 2016 was approximately 21-27 days which was within credit term ranges granted by trade account payables.

Moreover, the payable of contributions to the Oil Fund increased to 827 million baht as at December 31, 2014 due to the trend of increased of sales volume as well as the increased contribution rate to the Oil Fund. As at December 31, 2016, the company did not have any outstanding payment on contribution into the Oil Fund because in 2015, the government changed collection method of contribution, by changing to fixing LPG price and by combining part of contribution to Oil Fund into purchase price instead, so prices to be purchase by the group would be increased when compared with the amount of the previous year.

### Current Portion of Long-term Loan and Long-term Loan from Financial Institutions – Net

**Table 11 :** Details of current portion of long-term loan and Long-term loan from Financial institutions.

(Unit: Million Baht)

	Consolidated Financial Statements		
	Dec. 31, 2014	Dec. 31, 2015	Dec. 31, 2016
Within 1 year	266	296	486
Later than 1 year but not later than 5 years	536	371	886
<b>Total Long-term loan-net</b>	<b>802</b>	<b>667</b>	<b>1,372</b>



During year 2014 and 2015, long-term loan decreased by 263 million baht and 135 million baht respectively due to SLM has gradually repaid such loan pursuant to conditions specified in relevant loan agreement.

For the year 2016, long term loan increased by 705 million baht compare to previous year due to:

The company: During the year the company has entered into a long term loan agreement with one financial institution in the amount of USD 31.20 million. The company made a withdraw in the amount of 15.60

million baht or equivalent to 537 million baht to invest in combined cycle power plant in Myanmar. The investment was made through SPW, a subsidiary of the Company, with repaid loan of 35 million baht under the loan agreement during the year.

Subsidiary : During the year, SLM has entered into a loan agreement with financial institution in the amount of 540 million baht for purchasing a vessel and dry-docking expense. SLM has repaid loan of 352 million baht during the year.

### Bonds - Net

Table 12 : Details of bonds

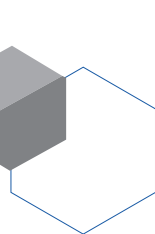
(Unit: Million Baht)

	Consolidated Financial Statements		
	Dec. 31, 2014	Dec. 31, 2015	Dec. 31, 2016
<b>Bond</b>			
Bonds (Thai baht currency)	4,300	4,800	6,300
Less Deferred financing fees	(4)	(4)	(6)
Total net bonds-net	4,296	4,796	6,294

SGP had issued and public offering of senior unsecured bonds at fixed interest rate with every 3 months interest payment for repayment of long-term loan to the financial institutes and repayment of bonds which will be due. In addition, conditions specified in such bond offering was that SGP must comply with regulations on rights

and obligations of bond issuers and bond holders, as well as to maintain some financial ratio, i.e. interest-bearing debts to equity ratio to be not more than 2 times. However, financial ratios of the group in each year as mentioned above were pursuant to the bond issuance conditions. As at December 31, 2016, total remaining bonds of the company are as per below table:

Bond Issued and Offered	Maturity	Value (Million Baht)	Percent	TRIS Rating
January 2014	3 Years	1,300	5.20	BBB (Stable)
January 2015	3 Years	2,000	4.70	BBB (Stable)
February 2016	3 Years	3,000	4.30	BBB (Stable)
<b>Total</b>		<b>6,300</b>		



### Cylinder Deposits

Deposit for LPG cylinders of SGP and its subsidiaries: UGP, SuperGas, SingGas, Sino, CityGas and MyGaz is normally recorded as liabilities of the company and then repaid to customers. When customer returns cylinder to the companies with receipt, such transaction will reduce the liabilities. The cylinder deposit has been increasing every year as net deposit from outgoing and returning cylinders becomes higher each year. Moreover, SGP and its subsidiaries did not have policy in recognizing cylinder deposit as revenue which was pursuant to International Financial Reporting Standards (IFRS). Hence, payables for LPG gas cylinders deposits of SGP and its subsidiaries shall be increased every year. Payables for LPG cylinder deposit as at December 31, 2014 was 4,022 million baht, as of December 31, 2015 was 4,229 million baht and as of December 31, 2016 was 4,627 million baht.

### Equity

Equity as at December 31, 2014 was 8,369 million baht, a decrease of 714 million baht from 2013 because of net loss in 2014 of the parent was at 514 million baht, net loss of non-controlling interests was at 23 million baht, dividend payment of parent during 2014 was at 597 million baht. Moreover, as the company invested in overseas subsidiaries, i.e., in China, Hong Kong, Vietnam, Singapore, and Malaysia, so financial statement of such subsidiaries had to be converted, hence, the company gained from conversion of such financial statement of 330 million baht. In addition the group has realized surplus from net appraisal of land from deferred tax amounting to 754 million baht in the comprehensive consolidated statement of income.

Equity as at December 31, 2015 was 9,775 million baht, an increase of 1,406 million baht from 2014 because of net profit in 2015 of the parent was at 1,116 million baht, net profit of non-controlling interests was at 26 million baht, dividend payment of parent and non-controlling interest during 2015 was at 367 million baht and 4 million baht, respectively. Moreover, as the company invested in overseas subsidiaries, i.e., in China, Hong Kong, Vietnam, Singapore, and Malaysia, so financial statement of such subsidiaries had to be converted, hence, the parent gained from conversion of such financial statement of 650 million baht and the non-controlling interest lost from conversion of such financial statement of 16 million baht.

Equity as at December 31, 2016 was 9,800 million baht, an increase of 25 million baht from 2015 because of net profit in 2016 of the parent was at 1,119 million baht, net profit of non-controlling interests was at 46 million baht, dividend payment of parent and non-controlling interest during 2016 was at 414 million baht and 33 million baht, respectively. Moreover, as the company invested in overseas subsidiaries had to be converted, hence, the parent lost from conversion of such financial statement of 686 million baht and the non-controlling interest lost from conversion of such financial statement of 8 million baht.





## Analysis of Financial Ratio

**Table 13 :** Details of Financial Ratio

	Consolidated Financial Statements		
	2014	2015	2016
<b>Profitability Ratio</b>			
Gross profit margin (%)	1.35	5.23	6.00
Net profit margin (%)	(0.87)	1.96	2.41
Return on equity (%)	(6.42)	11.69	11.89
<b>Financial Policy Ratio</b>			
Interest-bearing debt to equity ratio (times)	1.39	1.07	0.97
Total debt ratio to equity (times)	2.37	1.98	1.91
Interest coverage ratio (times)	0.00	4.33	4.09
Solvency ratio (times)	0.72	0.53	0.45

**Gross Profit Margin** of the group for the year ended December 31, 2014 equaled 1.35 percent, a decrease by 2.25 percent from 2013 and for the year ended December 31, 2015 equaled 5.23 percent, an increase by 3.88 percent from 2014, and for the year ended December 31, 2016 equaled 6.00, and increased by 0.77 percent from 2015, as a result of the slightly decrease of LPG prices in the world market (CP SAUDI ARAMCO) when compared with the previous year. Upon calculation of LPG prices adjustment of LPG, they decreased throughout the year at (68) US dollar per ton, when compared with 2015 which decreased by (93) US dollar per ton.

**Net Profit Margin** of the group for the year ended December 31, 2014 equaled (0.87) percent, a decrease by 3.36 percent from 2013, for the year ended December 31, 2015 equaled 1.96 percent, an increase by 2.83 percent from 2014, and for the year ended December 31, 2016 equaled 2.41 percent, an increase by 0.45 percent due to a decrease of LPG Prices in the world market (CP SAUDI ARAMCO) as per mentioned above.

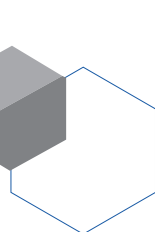
**Return on Equity** of the group for the year ended December 31, 2014 equaled (6.42) percent, a decrease by 24.57 percent from 2013, for the year ended December 31, 2015 equaled 11.69 percent, an increase by 18.11 percent from 2014, and for the year ended December

31, 2016, equaled to 11.89 percent, and increase by 0.20 percent from 2015, due to an increase of net profit margin as per mentioned above.

**Interest-Bearing Debt to Equity Ratio** of the group for the year ended December 31, 2014 equaled 1.39 times, a decrease by 0.05 time from 2013 due to repayment of short-term loan to the financial institute during the period, for the year ended December 31, 2015 equaled 1.07 times, a decrease by 0.32 time from 2014, with main reason due to repayment of short-term loan to the financial institutes during the year, and for the year ended December 31, 2016 equaled 0.97, a decrease by 0.10 time from 2015, with main reason due to repayment of short-term loan to the financial institutes during the year. The company must maintain this interest-bearing debt to equity ratio to not more than 2 times, pursuant to the Requirement of rights and obligations of bond holders, Clause 7.3 (b) and the group can maintain such financial ratio as per specified.

**Total Debt Ratio to Equity** of the group for the year ended December 31, 2014 equaled 2.37 times, an increase by 0.11 time from 2013, for the year ended December 31, 2015 equaled 1.98 times, a decrease by 0.39 time from 2014, and for the year ended December 31, 2016 equaled 1.91 times, a decrease by 0.07 time from 2015 with main reason due to repayment of short term loan to the financial institution during the year.





**Interest Coverage Ratio** of the group for the year ended December 31, 2014 equaled 0.00 time , a decrease by 5.44 time from 2013, for the year ended December 31, 2015 equaled 4.33 times, an increase by 4.33 times from 2014, and for the year ended December 31, 2016 equaled 4.09, a decrease by 0.24 time from 2015 with main reason due to a decrease in profit due to lower LPG price in the world market during the year.

**Sloveny ratio** of the group for the year ended December 31, 2014 equaled 0.72 time, a decrease by 0.22 time from 2013, for the year ended December 31, 2015 equaled 0.53, a decrease by 0.19 time from 2014, and for the year ended December 31, 2016 equaled 0.45 time, a decrease by 0.08 time from year 2015 with main reason due to an increase in asset investment of 1,438 million baht and deposit for investment in joint venture of SPW in the amount of 860 million baht compare with previous year. This leads to decrease in leverage ratio. However, the management of the group expects that the group has sufficient cash flow from operation to pay for the contingent liability and liability to come in the future. In addition, the management will consider prudently for the investment which will cause contingent liability to maximize return to the shareholders.

**Event after the Date of Financial Statement**

**a) Dividend Payment**

**The Company**

On February 22, 2017, the meeting of the Board of Directors has passed a resolution to propose for dividend payout for performance of 2016 at the rate of 0.50 baht

per share at total amount of 459.47 million baht. This amount included interim dividend paid from performance of the first six month period of 2016 which have paid at 0.15 baht per share, at total amount of 137.84 million baht. Such interim dividend has been paid on September 8, 2016. The Board of Directors shall further propose to the shareholders’ meeting for approval of such dividend later.

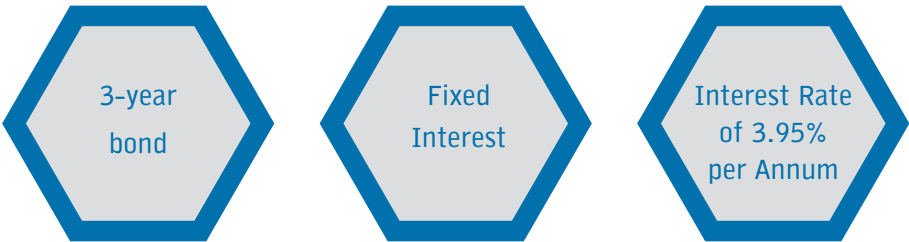
**The Subsidiaries**

On February 22, 2016, the meeting of the Board of Directors of Unique Gas and Petrochemicals Public Company Limited has passed a resolution to propose for dividend payout for performance of 2016 at the rate of 55 baht per share at total amount of 577.50 million baht. This amount included interim dividend paid from retained earning brought forward and performance of the first six month period of 2015 which have paid. Such interim dividend has been paid at 25 baht per share, at total amount of 262.50 million baht on September 5, 2016 and it is expected that the remaining dividend of 315 million will be paid in May 2017.

**b) Issuance of Bonds**

During January 23-25, 2017, SGP had issued and public offering of senior unsecured bonds with total value of 2,000 million baht at par value and offered prices at 1,000 baht per unit and every 3 months interest payment.

TRIS has rated this bond at BBB (stable) and important details are as follows:





SGP could sell all of such bonds at 2,000 million baht and money from the sale of bonds was used for repayment of bonds amount 1,300 million baht which were due on January 2016. Conditions specified in such bond offering was that SGP must comply with regulations on rights and obligations of bond issuers and bond holders, as well as to maintain some of the certain financial ratios.

#### c) Increase in share capital of Siam Gas Power Pte. Ltd.

On 22 February 2017, at the Board of Directors' meeting of the Company, the board passed a resolution to approve an increase in share capital of Siam Gas Power Pte. Ltd, incorporated in Singapore with 24.00 million shares at par value of USD 1 each or approximately Baht 859.94 million. The number of shares increased from 24.01 million shares to 48.01 million shares (with a par value of USD 1 each). As a result, the Company's ownership interest remains unchanged at 100%.

#### d) Sale of investment in Far East Petroleum Sdn. Bhd.

On 23 January 2017, the Company entered into the share sales agreement in Far East Petroleum Sdn. Bhd. with third parties in the portion of 30% for 3.00 million shares at a par value of MYR 1.00 each, totalling

MYR 3.00 million (approximately Baht 23.97 million). Currently, the shares transfer is still in the process and is expected to be completed in the first quarter 2017. As a result, the Company's ownership interest will decrease from 100.00% to 70.00% and Far East Petroleum Sdn. Bhd. still remains a subsidiary of the Group.

#### e) Borrowing from financial institution for dry-docking

On 13 January 2017, a subsidiary entered into long-term loan contract with a local commercial bank for dry-docking amounting to Baht 143.00 million with interest rate at 4.25% per annum. The principal repayment THB 3.97 million is made on monthly basis and the total repayment is due within 3 years from the first installment.

#### Auditor's Remuneration

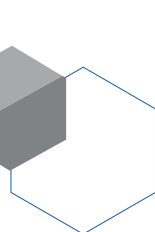
Auditor's remuneration paid to PricewaterhouseCoopers ABAS Ltd., the auditing company which is the auditor of the company and its subsidiaries in Thailand, for 2014-2017 was 5.69 million baht, 5.74 million baht, and 5.74 million baht, respectively. Person or business related to the auditor or the auditing company shall not be the person or the business related to the company and its subsidiaries.

**Table 14 :** Details on auditor's remuneration for 2014-2016

(Unit: Million Baht)

	The Company			The Company and its Subsidiaries in Thailand		
	2014	2015	2016	2014	2015	2016
Auditing fee for annual financial statement	0.98	0.98	0.98	2.91	2.99	2.99
Reviewing fee for quarterly financial statement (Q1-Q3)	0.96	0.96	0.96	2.78	2.75	2.75
<b>Total</b>	<b>1.94</b>	<b>1.94</b>	<b>1.94</b>	<b>5.69</b>	<b>5.74</b>	<b>5.74</b>





# Report of the Board of Directors’ Accountability to Financial Report

The consolidated financial statements of Siamgas and Petrochemicals Public Company Limited and its subsidiaries were prepared in accordance with the Securities Exchange Commission under the Securities and Exchange Act B.E. 2535 and under the accounting act B.E. 2543.

The Company’s Board of Directors is responsible for financial report of Siamgas and Petrochemicals Public Company Limited and its subsidiaries in providing reasonable assurance that the financial standards present fairly financial position, financial performance and cash flows. The accounting data is sufficiently and accurately recorded to preserve the Company’s assets and prevent fraud and irregularity. The financial report has been prepared accordingly to appropriate accounting policy and consistency practices, and in accordance with Thai Financial Reporting Standards. Significant information has been sufficiently disclosed in notes to financial statements, where the auditor expressed an opinion on the financial statements of Siamgas and Petrochemicals Public Company Limited and its subsidiaries in the auditor’s report.

Mr. Worawit Weeraborwornpong  
Chairman

Mr. Supachai Weeraborwornpong  
Managing Director



# Independent Auditor's Report

To the shareholders of Siamgas and Petrochemicals Public Company Limited

## My opinion

In my opinion, the consolidated financial statements of Siamgas and Petrochemicals Public Company Limited (the Company) and its subsidiaries (the Group) and the separate financial statements of the Company present fairly, in all material respects, the consolidated and separate financial position of the Group and of the Company as at 31 December 2016, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with Thai Financial Reporting Standards (TFRSs).

## What I have audited

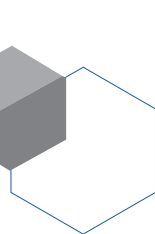
I have audited the accompanying consolidated and separate financial statements of the Group and the Company, which comprise the consolidated and separate statements of financial position as at 31 December 2016, and the related consolidated and separate statements of income, comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

## Basis for opinion

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

## Key audit matters

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



## Key audit matter

## How my audit addressed the key audit matter

### 1) Impairment of investment in subsidiary

As discussed in Note 12 to the separate financial statements, the Company recorded an impairment charge of Baht 121 million against its investment at cost of Baht 280 million in Siam Ethanol Export Co., Ltd. (a subsidiary) as at 31 December 2016. This is because the operating results of ethanol business did not meet its original plan and the subsidiary ceased operation in 2012. The impairment affected to the separate financial statements only but it did not affect to the consolidated financial statements because the recoverable amount exceed the net assets of this entity in the consolidated financial statements.

In management's assessment of the impairment testing, the recoverable amount of investment in the subsidiary is based on the fair value less costs to sell of net assets. Management employed a qualified external valuer to appraise the fair values of assets in the subsidiary in 2015. The major assets of this subsidiary are property, plant and equipment. The fair values of property were determined based on the market value method, and the fair values of plant and equipment were determined based on the replacement cost method.

To test the impairment of investment in 2016, management:

- reviewed assumptions used in the previous valuation report to assess whether there were any significant events which might affect the assumptions used to determine the fair value in the current year,

I evaluated the impairment calculation of this investment prepared by management and assessed the assumptions used in the fair value calculation. I performed the following procedures:

- tested the reasonableness of key assumptions on a sample basis, based on my knowledge of the business and industry, e.g. by comparing the useful lives of assets against the guidance in the valuation standard and checking the replacement cost of assets against available information of similar assets,
- tested the accuracy of the underlying calculations of the fair value and the impairment charge.

I also evaluated the competency, qualifications, experience and independence of the external valuer by reference to reliable external source of information on the qualification and challenged the external valuer.

From the procedures performed above, I found the assumptions made by management in relation to the fair value and impairment calculations to be reasonable based on the available evidence.





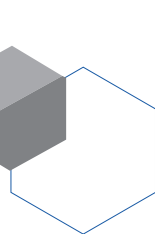


- adjusted current assumptions, including useful lives of assets and replacement cost, based on available industry information, etc., and
- re-calculated the current fair value of assets and compared this against their net book value.

As a result of management's testing, an impairment charge of Baht 121 million was recorded in the separate financial statements.

I focused on this area due to the significance of the carrying value of the investment in subsidiary being assessed, and various assumptions used to assess the impairment testing which involve significant's management judgments.





## Key audit matter

## How my audit addressed the key audit matter

### 2) Recognition of deferred tax assets on tax losses carried forwards

Refer to Notes No. 2.15 accounting policy for current and deferred income taxes, No. 16 deferred income taxes, and No. 30 income tax to the consolidated financial statements.

As at 31 December 2016, the Group recorded a gross deferred tax asset of Baht 606 million in the consolidated financial statements. This included deferred tax assets of Baht 365 million related to tax losses carried forward which mainly originated from subsidiaries in China (Baht 246 million) and Singapore (Baht 63 million). The Group recognises deferred tax assets arising from tax losses carried forwards to the extent that is probable that it will be utilised in future taxable profits.

As the subsidiaries have recorded both profits and losses in the last four years, it's uncertain that the subsidiaries will have future taxable profits to utilise these deferred tax assets.

I focused on this area as the amount of deferred tax assets recognised is significant and determining the appropriate level of deferred tax assets depends on significant management judgements in assessing future taxable profits.

Deferred tax assets on tax losses carried forwards were mainly originated from subsidiaries and audited by component auditors. Therefore, I planned our audit of the subsidiaries' financial information for the audit of consolidation purpose and communicated it to the component auditors.

The component auditors evaluated key assumptions that management used to calculate the future taxable profits, which are used as a criterion to determine the amount of deferred tax assets. The component auditors also:

- tested the detailed tax computations, and considered the expiry periods of accumulated tax losses, and
- evaluated and challenged management's judgements and assessed the reasonableness of assumptions used to calculate the future taxable profits by comparing the current assumptions with past performance, including the sales growth rate and overhead costs.

I reviewed the working paper and evaluated the testing results of the component auditors for the procedures performed in the above and found that the deferred tax assets on tax losses carried forwards were appropriately recognised within the reasonableness and an acceptable range of the key assumptions management used to estimate the future taxable profits.



## Key audit matter

## How my audit addressed the key audit matter

### 3) Impairment of goodwill

As discussed in Note 14 to the consolidated financial statements, the Group recorded goodwill of Baht 1,538 million in the consolidated financial statements as at 31 December 2016. This included goodwill of Baht 1,516 million related to trading of petroleum business. According to the requirement of TFRSs, the Group is required to test the impairment of goodwill at least annually.

Management applied the value-in-use model to determine the carrying value of the goodwill based on key judgements about:

- revenue growth rates, and expected changes to overhead costs in the business,
- discount rates calculated from capital structure, market risk and beta from available information in its industry.

Based on management's assessment, the value-in-use of the goodwill was higher than its carrying value, so no impairment charge against goodwill should be recorded in this business.

I focussed on this area because the procedure for impairment testing of goodwill depends on assumptions about future events (e.g. revenue growth rates, expected changes to overhead costs to the businesses, and the discount rates), and the calculation of the discounted cash flow forecast. Also, the carrying amount of the goodwill is significant to the consolidated financial statements.

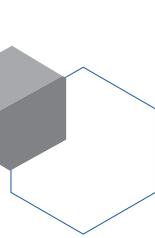
I evaluated the procedures for the value-in-use calculation which was prepared under the discounted cash flow approach. I also:

- tested the appropriateness of assumptions used in the five-year plan including revenue growth rates and expected changes to overhead costs to the business by comparing them to industry data or past performance
- tested the accuracy of the underlying calculation of the discounted rates and compared the significant input data used in the cost of capital model with industry data.
- tested the accuracy of the underlying calculation of the discounted cash flow model.

I performed a sensitivity analysis of the key drivers of the revenue growth rate and discount rate within the cash flow forecasts to determine the extent of change in those assumptions, either individually or collectively, that would be required for the investment to be impaired.

From the procedures performed above, I found that the discounted cash flow was prepared under the appropriate assumptions and was within an acceptable range of reasonable estimates. The value-in-use based on the discounted cash flow was higher than the carrying value of goodwill presented in the consolidated financial statements. Therefore, there is no impairment charge against goodwill.





### **Other information**

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

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

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

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

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

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

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

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

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

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





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

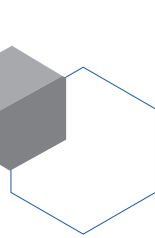
- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion.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

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

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

From the matters communicated with the audit committee, I determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are





therefore the key audit matters. I describe these matters in my auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

PricewaterhouseCoopers ABAS Ltd.

**Chaisiri Ruangritchai**  
Certified Public Accountant (Thailand) No. 4526  
Bangkok  
22 February 2017





Siamgas and Petrochemicals Public Company Limited

# Statement of Financial Position

## As at 31 December 2016

		Consolidated financial statements		Separate financial statements	
		31 December 2016 Baht	31 December 2015 Baht	31 December 2016 Baht	31 December 2015 Baht
Notes					
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents	7	1,879,332,545	2,270,150,454	260,283,175	372,372,585
Short-term investments	8	108,038,765	307,515,850	108,038,765	307,515,850
Trade and other receivables, net	9	3,089,255,021	3,294,788,254	431,878,531	401,702,953
Inventories, net	10	3,345,261,308	4,375,300,164	165,033,877	173,472,616
Other current assets	11	497,714,852	338,367,897	22,233,135	12,772,019
<b>Total current assets</b>		<b>8,919,602,491</b>	<b>10,586,122,619</b>	<b>987,467,483</b>	<b>1,267,836,023</b>
<b>Non-current assets</b>					
Investments in subsidiaries, net	12	-	-	8,641,914,406	7,683,194,945
Investments in joint ventures	12	101,372,253	148,771,405	23,577,992	86,527,651
Long-term loans to related parties	33	36,592,920	43,795,600	1,821,451,432	2,671,526,631
Property, plant and equipment, net	13	15,731,578,545	15,246,465,087	5,073,115,582	4,805,469,226
Goodwill	14	1,537,801,207	1,537,801,207	-	-
Intangible assets, net	15	140,746,804	181,302,523	1,022,482	1,781,648
Deferred tax assets, net	16	421,867,415	360,479,366	-	-
Other non-current assets	17	1,667,285,440	993,710,614	378,462,740	438,250,352
<b>Total non-current assets</b>		<b>19,637,244,584</b>	<b>18,512,325,802</b>	<b>15,939,544,634</b>	<b>15,686,750,453</b>
<b>Total assets</b>		<b>28,556,847,075</b>	<b>29,098,448,421</b>	<b>16,927,012,117</b>	<b>16,954,586,476</b>

The notes to the consolidated and separate financial statements from pages 138 to 209 are an integral part of these financial statements.

# Statement of Financial Position

## As at 31 December 2016

		Consolidated financial statements		Separate financial statements	
		31 December 2016	31 December 2015	31 December 2016	31 December 2015
Notes		Baht	Baht	Baht	Baht
<b>Liabilities and equity</b>					
<b>Current liabilities</b>					
Short-term borrowings					
from financial institutions, net	18	1,726,730,219	4,885,505,981	567,998,088	2,626,940,373
Trade and other payables	19	4,030,654,237	4,010,233,903	605,250,989	622,507,300
Current portion of long-term loans					
from financial institutions, net	20	485,634,153	296,061,150	145,790,770	-
Current portion of bonds, net	22	1,299,904,959	1,499,837,326	1,299,904,959	1,499,837,326
Accrued income tax		78,282,688	107,013,542	-	31,613,043
Other current liabilities	21	83,807,352	64,151,945	12,948,395	13,810,972
<b>Total current liabilities</b>		<b>7,705,013,608</b>	<b>10,862,803,847</b>	<b>2,631,893,201</b>	<b>4,794,709,014</b>
<b>Non-current liabilities</b>					
Long-term loans from financial					
institutions, net	20	886,146,494	370,606,423	375,169,916	-
Long-term loans from related parties	33	3,000,000	3,000,000	534,463,223	570,000,000
Bonds, net	22	4,993,956,054	3,295,757,210	4,993,956,054	3,295,757,210
Cylinder deposits	23	4,627,110,283	4,228,584,170	883,660,898	807,450,803
Employee benefit obligations	24	145,050,209	134,312,163	53,227,587	49,745,831
Deferred tax liabilities, net	16	377,567,972	415,735,584	87,806,559	110,492,068
Other non-current liabilities		19,147,079	12,891,596	2,324,619	2,534,069
<b>Total non-current liabilities</b>		<b>11,051,978,091</b>	<b>8,460,887,146</b>	<b>6,930,608,856</b>	<b>4,835,979,981</b>
<b>Total liabilities</b>		<b>18,756,991,699</b>	<b>19,323,690,993</b>	<b>9,562,502,057</b>	<b>9,630,688,995</b>

The notes to the consolidated and separate financial statements from pages 138 to 209 are an integral part of these financial statements.



Siamgas and Petrochemicals Public Company Limited

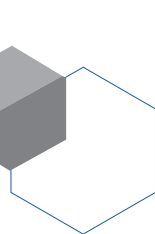
# Statement of Financial Position

## As at 31 December 2016

		Consolidated financial statements		Separate financial statements	
		31 December 2016 Baht	31 December 2015 Baht	31 December 2016 Baht	31 December 2015 Baht
	Notes				
Liabilities and equity (continued)					
Equity					
Share capital	25				
Authorised share capital					
918,931,500 ordinary shares					
with a par value of Baht 1 each		918,931,500	918,931,500	918,931,500	918,931,500
Issued and paid-up share capital					
918,931,500 ordinary shares,					
fully paid-up of Baht 1 each		918,931,500	918,931,500	918,931,500	918,931,500
Premium on share capital	25	1,874,481,829	1,874,481,829	1,874,481,829	1,874,481,829
Retained earnings					
Appropriated					
- Legal reserve	27	162,088,663	162,088,663	162,088,663	162,088,663
Unappropriated		6,199,186,615	5,492,886,107	4,260,848,060	4,220,235,481
Other components of equity	32	521,802,484	1,207,855,440	148,160,008	148,160,008
<b>Total parent's equity</b>		9,676,491,091	9,656,243,539	7,364,510,060	7,323,897,481
Non-controlling interests		123,364,285	118,513,889	-	-
<b>Total equity</b>		9,799,855,376	9,774,757,428	7,364,510,060	7,323,897,481
<b>Total liabilities and equity</b>		28,556,847,075	29,098,448,421	16,927,012,117	16,954,586,476

The notes to the consolidated and separate financial statements from pages 138 to 209 are an integral part of these financial statements.





Siamgas and Petrochemicals Public Company Limited

# Statement of Income

## For the year ended 31 December 2016

	Notes	Consolidated financial statements		Separate financial statements	
		2016 Baht	2015 Baht	2016 Baht	2015 Baht
<b>Revenue</b>					
Revenue from sales		47,693,791,441	57,581,629,069	8,383,826,624	10,668,739,460
Revenue from transportation		441,400,582	344,277,628	-	-
Revenue from services		26,217,216	156,103,697	110,638,791	126,773,763
<b>Total revenue</b>		<b>48,161,409,239</b>	<b>58,082,010,394</b>	<b>8,494,465,415</b>	<b>10,795,513,223</b>
Cost of sales and services		(44,889,720,298)	(54,805,627,892)	(8,030,893,483)	(10,125,741,658)
Cost of transportation		(380,755,457)	(239,819,851)	-	-
<b>Total cost of sales, services and transportation</b>		<b>(45,270,475,755)</b>	<b>(55,045,447,743)</b>	<b>(8,030,893,483)</b>	<b>(10,125,741,658)</b>
<b>Gross profit</b>		<b>2,890,933,484</b>	<b>3,036,562,651</b>	<b>463,571,932</b>	<b>669,771,565</b>
Dividend income		6,695,000	5,015,000	602,666,500	800,414,096
Other income	28	209,886,056	252,048,735	159,350,723	321,818,893
<b>Profit before expenses</b>		<b>3,107,514,540</b>	<b>3,293,626,386</b>	<b>1,225,589,155</b>	<b>1,792,004,554</b>
Selling expenses		(177,865,367)	(173,587,469)	(43,713,398)	(48,659,463)
Administrative expenses		(1,253,671,731)	(1,329,584,371)	(413,934,055)	(387,465,092)
<b>Total expenses</b>		<b>(1,431,537,098)</b>	<b>(1,503,171,840)</b>	<b>(457,647,453)</b>	<b>(436,124,555)</b>
Share of profit (loss) of joint ventures	12	7,823,919	(12,648,042)	-	-
<b>Profit before finance costs and income tax</b>	29	<b>1,683,801,361</b>	<b>1,777,806,504</b>	<b>767,941,702</b>	<b>1,355,879,999</b>
Finance costs		(411,396,012)	(410,469,025)	(337,242,012)	(318,767,889)
<b>Profit before income tax</b>		<b>1,272,405,349</b>	<b>1,367,337,479</b>	<b>430,699,690</b>	<b>1,037,112,110</b>
Income tax revenue (expenses)	30	(107,492,547)	(224,997,777)	22,834,505	(58,918,132)
<b>Profit for the year</b>		<b>1,164,912,802</b>	<b>1,142,339,702</b>	<b>453,534,195</b>	<b>978,193,978</b>
<b>Profit attributable to:</b>					
Owners of the parent		1,118,722,954	1,115,924,598	453,534,195	978,193,978
Non-controlling interests		46,189,848	26,415,104	-	-
<b>Profit for the year</b>		<b>1,164,912,802</b>	<b>1,142,339,702</b>	<b>453,534,195</b>	<b>978,193,978</b>
<b>Earnings per share for profit attributable to the equity holders of the parent</b>	31				
Basic earnings per share (Baht)		1.22	1.21	0.49	1.06

The notes to the consolidated and separate financial statements from pages 138 to 209 are an integral part of these financial statements.







Siamgas and Petrochemicals Public Company Limited

# Statement of Comprehensive Income

## For the year ended 31 December 2016

	Consolidated financial statements		Separate financial statements	
	2016 Baht	2015 Baht	2016 Baht	2015 Baht
Profit for the year	1,164,912,802	1,142,339,702	453,534,195	978,193,978
Other comprehensive income (expense):				
Items that will be reclassified subsequently to profit or loss				
- Currency translation difference	(693,879,908)	633,526,871	-	-
Items that will not be reclassified subsequently to profit or loss				
- Remeasurements of post-employment benefit obligations	1,367,177	-	744,980	-
<u>Less</u> Income tax relating to remeasurements of post-employment benefit obligations	(272,023)	-	(148,996)	-
Total other comprehensive income (expense)	(692,784,754)	633,526,871	595,984	-
<b>Total comprehensive income for the year</b>	<b>472,128,048</b>	<b>1,775,866,573</b>	<b>454,130,179</b>	<b>978,193,978</b>
<b>Total comprehensive income attributable to:</b>				
Owners of the parent	433,765,152	1,766,191,786	454,130,179	978,193,978
Non-controlling interests	38,362,896	9,674,787	-	-
	<b>472,128,048</b>	<b>1,775,866,573</b>	<b>454,130,179</b>	<b>978,193,978</b>

The notes to the consolidated and separate financial statements from pages 138 to 209 are an integral part of these financial statements.



Siamgas and Petrochemicals Public Company Limited

# Statement of Changes in Equity

## For the year ended 31 December 2016

CONSOLIDATED FINANCIAL STATEMENTS									
Note	Attributable to equity holders of the parent								
	Issued and paid-up share capital	Premium on share capital	Retained earnings		Total other components of equity	Non-controlling interests	Total equity		
			Legal reserve	Unappropriated					
	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht
[Note 32]									
<b>Opening balance - 1 January 2016</b>	918,931,500	1,874,481,829	162,088,663	5,492,886,107	1,207,855,440	118,513,889	9,774,757,428		
Dividends paid	-	-	-	(413,517,600)	-	(33,512,500)	(447,030,100)		
Total comprehensive income (expense) for the year	-	-	-	1,119,818,108	(686,052,956)	38,362,896	472,128,048		
<b>Closing balance - 31 December 2016</b>	<u>918,931,500</u>	<u>1,874,481,829</u>	<u>162,088,663</u>	<u>6,199,186,615</u>	<u>521,802,484</u>	<u>123,364,285</u>	<u>9,799,855,376</u>		
<b>Opening balance - 1 January 2015</b>	918,931,500	1,874,481,829	162,088,663	4,744,532,209	557,588,252	111,440,006	8,369,062,459		
Dividends paid	-	-	-	(367,570,700)	-	(2,600,904)	(370,171,604)		
Total comprehensive income for the year	-	-	-	1,115,924,598	650,267,188	9,674,787	1,775,866,573		
<b>Closing balance - 31 December 2015</b>	<u>918,931,500</u>	<u>1,874,481,829</u>	<u>162,088,663</u>	<u>5,492,886,107</u>	<u>1,207,855,440</u>	<u>118,513,889</u>	<u>9,774,757,428</u>		

The notes to the consolidated and separate financial statements from pages 138 to 209 are an integral part of these financial statements.

# Statement of Changes in Equity

## For the year ended 31 December 2016

	Note	Separate financial statements					
		Issued and paid-up share capital	Premium on share capital	Retained earnings		Total other components of equity	Total equity
		Baht	Baht	Legal reserve	Unappropriated	Baht	Baht
				Baht	Baht		
						(Note 32)	
<b>Opening balance - 1 January 2016</b>		918,931,500	1,874,481,829	162,088,663	4,220,235,481	148,160,008	7,323,897,481
Dividends paid	26	-	-	-	(413,517,600)	-	(413,517,600)
Total comprehensive income for the year		-	-	-	454,130,179	-	454,130,179
<b>Closing balance - 31 December 2016</b>		<u>918,931,500</u>	<u>1,874,481,829</u>	<u>162,088,663</u>	<u>4,260,848,060</u>	<u>148,160,008</u>	<u>7,364,510,060</u>
<b>Opening balance - 1 January 2015</b>		918,931,500	1,874,481,829	162,088,663	3,609,612,203	148,160,008	6,713,274,203
Dividends paid		-	-	-	(367,570,700)	-	(367,570,700)
Total comprehensive income for the year		-	-	-	978,193,978	-	978,193,978
<b>Closing balance - 31 December 2015</b>		<u>918,931,500</u>	<u>1,874,481,829</u>	<u>162,088,663</u>	<u>4,220,235,481</u>	<u>148,160,008</u>	<u>7,323,897,481</u>

The notes to the consolidated and separate financial statements from pages 138 to 209 are an integral part of these financial statements.



# Statement of Cash Flows

## For the year ended 31 December 2016

	Notes	Consolidated financial statements		Separate financial statements	
		2016 Baht	2015 Baht	2016 Baht	2015 Baht
<b>Cash flows from operating activities</b>					
Profit before income tax		1,272,405,349	1,367,337,479	430,699,690	1,037,112,110
Adjustments to reconcile profit before income tax					
Depreciation expenses - buildings and equipment	13	1,118,428,290	992,329,143	86,451,496	95,716,632
Amortisation expenses - intangible assets and other assets		57,863,658	83,871,748	759,166	2,677,293
Loss (gain) on sales and write-offs of equipment, net		9,320,882	(33,383,105)	10,029,618	(37,186,536)
Gain on change in fair value of short-term investments		(522,915)	(5,128,738)	(522,915)	(5,128,738)
Share of (profit) loss of joint ventures	12	(7,823,919)	12,648,042	-	-
(Reversal of) allowance for doubtful debts		1,306,392	(549,640)	-	-
Reversal of provision for diminution in value of inventories		(53,684,121)	(17,852,995)	-	-
Dividends income		(6,695,000)	(5,015,000)	(602,666,500)	(800,414,096)
Employee benefit expenses	24	13,640,385	12,677,368	4,915,158	4,499,417
Unrealised loss (gain) on exchange rates, net		16,355,188	(42,066,190)	81,439,352	(79,579,218)
Amortisation of front-end fee expenses		6,587,762	5,035,536	5,489,103	4,176,167
Impairment charge on investment in subsidiaries	12	-	-	-	11,000,000
Gain on investment return	12	-	-	-	(716,809)
Interest income	28	(20,346,139)	(26,452,066)	(70,655,722)	(84,615,805)
Finance costs		411,396,012	410,469,025	337,242,012	318,767,889
		2,818,231,824	2,753,920,607	283,180,458	466,308,306
<b>Changes in operating assets and liabilities</b>					
- Trade and other receivables		131,814,262	756,725,214	109,278,921	109,643,737
- Inventories		1,008,751,334	(764,553,123)	8,438,739	(27,585,539)
- Other current assets		(156,093,593)	(70,438,840)	738,644	5,915,257
- Other non-current assets		474,492,106	(53,488,162)	15,580,898	543,473
- Trade and other payables		(53,130,225)	286,719,466	(2,594,084)	(455,346,959)
- Other current liabilities		17,777,174	26,011,210	(862,577)	(17,939,377)
- Cylinder deposits		398,526,114	206,916,656	76,210,095	88,067,062
- Other non-current liabilities		5,826,372	(4,369,309)	(209,450)	(5,370,528)
- Employee benefits paid		(1,535,162)	(5,769,570)	(688,422)	(977,490)
Cash generated from operations		4,644,660,206	3,131,674,149	489,073,222	163,257,942
- Finance costs paid		(407,121,829)	(407,801,720)	(336,222,582)	(317,329,314)
- Income tax paid		(268,955,563)	(229,452,899)	(41,812,804)	(28,559,813)
<b>Net cash received from (used in) operating activities</b>		3,968,582,814	2,494,419,530	111,037,836	(182,631,185)

The notes to the consolidated and separate financial statements from pages 138 to 209 are an integral part of these financial statements.



Siamgas and Petrochemicals Public Company Limited

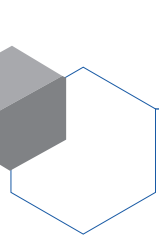
# Statement of Cash Flows (continued)

For the year ended 31 December 2016

		Consolidated financial statements		Separate financial statements	
		2016	2015	2016	2015
	Notes	Baht	Baht	Baht	Baht
Cash flows from investing activities					
Proceeds (payments) of short-term investments, net		200,000,000	(50,000,000)	200,000,000	(50,000,000)
Proceeds from long-term loans from related parties	33	5,809,639	69,523,806	858,936,184	452,553,788
Payments for long-term loans to related parties	33	-	-	(70,000,000)	(1,437,505,226)
Payments for investment in subsidiaries	12	-	-	(895,769,802)	(10,349,912)
Proceed from investment return in subsidiary	12	-	-	-	5,831,680
Net cash received from acquisition of a subsidiary	12	47,763,803	-	-	-
Payment for purchase of investments in in joint venture		-	(62,949,661)	-	(62,949,659)
Advance payment for purchase of investments in joint ventures	17	(859,936,800)	-	-	-
Purchases of property, plant and equipment		(2,068,546,411)	(846,130,165)	(178,688,587)	(204,539,679)
Advance payments for purchase of equipment		(340,012,282)	(123,940,723)	(323,974,926)	(121,040,423)
Proceeds from sales of property, plant and equipment		30,836,529	300,793,296	24,843,840	282,508,148
Purchases of intangible assets		(1,231,453)	(1,430,152)	-	-
Interest received		26,437,126	31,530,918	71,048,046	182,335,652
Dividends received		6,695,000	5,015,000	602,666,500	800,414,096
Net cash received from (used in) investing activities		(2,952,184,849)	(677,587,681)	289,061,255	(162,741,535)
Cash flows from financing activities					
Proceeds from (repayments for) short-term loans from financial institutions, net		(3,142,635,372)	(1,461,218,034)	(2,058,942,285)	834,700,456
Proceeds from long-term loans from financial institutions	20	1,076,478,063	129,997,882	536,515,200	-
Repayments for long-term loans from financial institutions	20	(387,344,958)	(304,964,768)	(34,741,900)	-
Proceeds from long-term loans from related parties	33	-	-	490,000,000	470,000,000
Repayments for long-term loans from related parties	33	-	-	(525,536,777)	(920,000,000)
Repayment for bond redemption	22	(1,500,000,000)	(1,500,000,000)	(1,500,000,000)	(1,500,000,000)
Proceeds from issue of bonds, net	22	2,993,560,000	1,995,690,000	2,993,560,000	1,995,690,000
Dividends paid	26	(447,030,100)	(370,171,604)	(413,517,600)	(367,570,700)
Net cash received from (used in) financing activities		(1,406,972,367)	(1,510,666,524)	(512,663,362)	512,819,756
Net increase (decrease) in cash and cash equivalents		(390,574,402)	306,165,325	(112,564,271)	167,447,036
Cash and cash equivalents at the beginning of the year		2,270,150,454	1,956,407,049	372,372,585	204,767,821
Exchange gain (loss) on cash and cash equivalents		(243,507)	7,578,080	474,861	157,728
Cash and cash equivalents at the end of the year	7	1,879,332,545	2,270,150,454	260,283,175	372,372,585
Non-cash transactions					
Payables for purchase of property, plant and equipment (included in other payables)		76,025,185	86,914,332	13,113,215	29,257,918

The notes to the consolidated and separate financial statements from pages 138 to 209 are an integral part of these financial statements.





# Notes to the Consolidated and Company Financial Statements

## For the year ended 31 December 2016

### 1 General information

Siamgas and Petrochemicals Public Company Limited (the “Company”) is a public limited company incorporated and resident in Thailand. The address of the Company’s registered office is 553, 30<sup>th</sup> Floor, The Palladium Building, Ratchaprarop Road, Makkasan, Ratchathewi, Bangkok.

The Company is listed on the Stock Exchange of Thailand. For reporting purposes, the Company and its subsidiaries are referred to as the “Group”.

The Group has main business in trading liquefied petroleum gas (LPG) and petrochemical and transportation services by land and ship.

These consolidated and separate financial statements were authorised by the Board of Directors on 22 February 2017.

### 2 Accounting policies

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

#### 2.1 Basis of preparation

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

The consolidated and separate financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with Thai generally accepted accounting principles requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas



involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant, to the consolidated and separate financial statements, are disclosed in Note 4.

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

## 2.2 New financial reporting standards and revised financial reporting standards and interpretations

2.2.1 New/revised financial reporting standards and interpretations are effective on 1 January 2016.

The Group management has determined that the revised accounting standards and financial reporting standards being effective for the accounting periods beginning on or after 1 January 2016 are not significantly impact to the financial information being presented.

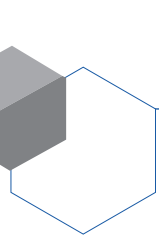
2.2.2 Revised financial reporting standards are effective for annual periods beginning on or after 1 January 2017. The Group has not yet early adopted these revised standards.

Revised financial reporting standards which are relevant and have a significant impact to the Group are as follows:

TAS 1 (revised 2016)	Presentation of financial statements
TAS 16 (revised 2016)	Property, plant and equipment
TAS 19 (revised 2016)	Employee benefits
TAS 27 (revised 2016)	Separate financial statements
TAS 28 (revised 2016)	Investments in associates and joint ventures
TAS 34 (revised 2016)	Interim financial reporting
TAS 38 (revised 2016)	Intangible assets
TFRS 5 (revised 2016)	Non-current assets held for sale and discontinued operations
TFRS 10 (revised 2016)	Consolidated financial statements
TFRS 11 (revised 2016)	Joint arrangements
TFRS 12 (revised 2016)	Disclosure of interests in other entities

TAS 1 (revised 2016), the amendments provide clarifications on a number of issues, including:

- Materiality - an entity should not aggregate or disaggregate information in a manner that obscures useful information. Where items are material, sufficient information must be provided to explain the impact on the financial position or performance.



- Disaggregation and subtotals - line items specified in TAS 1 may need to be disaggregated where this is relevant to an understanding of the entity's financial position or performance. There is also new guidance on the use of subtotals.
- Notes - confirmation that the notes do not need to be presented in a particular order.
- OCI arising from investments accounted for under the equity method - the share of OCI arising from equity-accounted investments is grouped based on whether the items will or will not subsequently be reclassified to profit or loss. Each group should then be presented as a single line item in the statement of other comprehensive income.

TAS 16 (revised 2016), key amendments are the amendments clarify that depreciation of an item of property, plant and equipment based on revenue generated by using the asset is not appropriate and the amendments include bearer plants in scope of TAS 16.

TAS 19 (revised 2016), the amendments clarify that when determining the discount rate for post-employment benefit obligations, it is the currency that the liabilities are denominated in that is important and not the country where they arise.

TAS 27 (revised 2016), the amendments allow an entity a policy choice to account for investments in subsidiaries, joint ventures and associates in its separate financial statements using the equity method as described in TAS 28. While current TAS 27 allows entities to measure their investments in subsidiaries, joint ventures and associates either at cost or at fair value (when announced). The election can be made independently for each category of investment (subsidiaries, joint ventures and associates). Entities wishing to change to the equity method must do so retrospectively.

TAS 28 (revised 2016), the significant changes are 1) the amendments allow an entity which is not an investment entity, but has an interest in an associate or joint venture which is an investment entity, a policy choice when applying the equity method of accounting. The entity may choose to retain the fair value measurement applied by the investment entity associate or joint venture, or to unwind the fair value measurement and instead perform a consolidation at the level of the investment entity associate or joint venture and 2) the amendments allow an entity a policy choice to account for investments in subsidiaries, joint ventures and associates in its separate financial statements using the equity method.

TAS 34 (revised 2016), the amendments clarify that what is meant by the reference in the standard to 'information disclosed elsewhere in the interim financial report'; entities taking advantage of the relief must provide a cross-reference from the interim financial statements to the location of that information and make the information available to users on the same terms and at the same time as the interim financial statements.



TAS 38 (revised 2016), the amendments include a rebuttable presumption that the amortisation of intangible assets based on revenue is inappropriate. This presumption can be overcome if either the intangible asset is expressed as a measure of revenue (i.e. where a measure of revenue is the limiting factor on the value that can be derived from the asset), or it can be shown that revenue and the consumption of economic benefits generated by the asset are highly correlated.

TFRS 5 (revised 2016), the amendments clarify that when an asset (or disposal group) is reclassified from 'held for sale' to 'held for distribution' or vice versa, this does not constitute a change to a plan of sale or distribution and does not have to be accounted for as such.

TFRS 10 (revised 2016), the amendments clarify that: 1) the exception from preparing consolidated financial statements is also available to intermediate parent entities which are subsidiaries of investment entities and 2) an investment entity should consolidate a subsidiary which is not an investment entity and whose main purpose and activity is to provide services in support of the investment entity's investment activities.

TFRS 11 (revised 2016), the amendments clarify that 1) the accounting for the acquisition of an interest in a joint operation where the activities of the operation constitute a business. They require an investor to apply the principles of business combination accounting and 2) existing interests in the joint operation are not remeasured on acquisition of an additional interest, provided joint control is maintained.

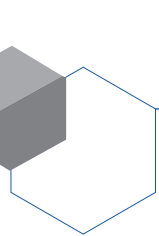
TFRS 12 (revised 2016), the amendments clarify the disclosure requirements of an entity which is an investment entity and exception from preparing consolidated financial statement and instead measured its subsidiaries at fair value is required to disclose information of its subsidiaries according to the requirement in TFRS 12.

The Group management has assessed and considered that the above revised standards will not have a material impact on the Group.

## 2.3 Group Accounting - Investments in subsidiaries and interests in joint ventures

### 2.3.1 Subsidiaries

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



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

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

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

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

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

In the company's separated financial statements, investments in subsidiaries are accounted for at cost less impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment.





### 2.3.2 Transactions with non-controlling interests

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

### 2.3.3 Disposal of subsidiaries

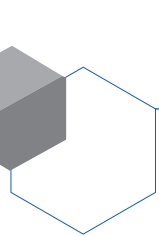
When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate,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

### 2.3.4 Joint arrangements

Investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations each investor. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures. Joint ventures are accounted for using the equity method.

Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses and movements in other comprehensive income. When the Group's share of losses in a joint venture equals or exceeds its interests in the joint ventures (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint ventures), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.



## 2.4 Foreign currency translation

### a) Functional and presentation currency

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

### b) Transactions and balances

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

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

### c) Group companies

The results and financial position of all the group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- Income and expenses for each statement of comprehensive income or income statement are translated at average exchange rates; and
- All resulting exchange differences are recognised in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

## 2.5 Cash and cash equivalents

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





## 2.6 Trade accounts receivable

Trade accounts receivable are carried at the original invoice amount and subsequently measured at the remaining amount less any allowance for doubtful receivables based on a review of all outstanding amounts at the year-end. The amount of the allowance is the difference between the carrying amount of the receivable and the amount expected to be collectible. Bad debts are written-off during the year in which they are identified and recognised in profit or loss within operating expenses.

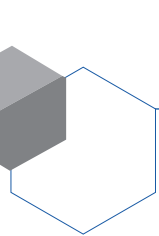
## 2.7 Inventories

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

## 2.8 Investments

Investments other than investments in subsidiaries, associates and interests in joint ventures are classified into the following four categories: (1) trading investments; (2) held-to-maturity investments; (3) available-for-sale investments; and (4) general investments. The classification is dependent on the purpose for which the investments were acquired. Management determines the appropriate classification of its investments at the time of the purchase and re-evaluates such designation on a regular basis.

- (a) Investments that are acquired principally for the purpose of generating a profit from short-term fluctuations in price (not exceed 3 months) are classified as trading investments and included in current assets.
- (b) Investments with fixed maturity that the management has the intent and ability to hold to maturity are classified as held-to-maturity and are included in non-current assets, except for maturities within 12 months from the statement of financial position date which are classified as current assets.



- (c) Investments intended to be held for an indefinite period of time, which may be sold in response to liquidity needs or changes in interest rates, are classified as available-for-sale; and are included in non-current assets unless management has expressed the intention of holding the investment for less than 12 months from the statement of financial position date or unless they will need to be sold to raise operating capital, in which case they are included in current assets.
- (d) Investments in non-marketable equity securities are classified as general investments.

All categories of investment are initially recognised at cost, which is equal to the fair value of consideration paid plus transaction cost.

Trading investments and available for sale investments are subsequently measured at fair value. The fair value of investments is based on quoted bid price at the close of business on the statement of financial position date. The unrealised gains and losses of trading investments are recognised in income statement. The unrealised gains and losses of available for sale investments are recognised in equity.

Held-to-maturity investments are carried at amortised cost using the effective yield method less impairment loss.

General investments are carried at cost less impairment loss.

A test for impairment is carried out when there is a factor indicating that an investment might be impaired. If the carrying value of the investment is higher than its recoverable amount, impairment loss is charged to the income statement.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the profit or loss. When disposing of part of the Company's holding of a particular investment in debt or equity securities, the carrying amount of the disposed part is determined by the weighted average carrying amount of the total holding of the investment.

## 2.9 Property, plant and equipment

Land is shown at fair value, based on valuations by external independent valuers every five years or when the fair value of a revalued asset differs materially from its carrying amount. All other plant and equipment are stated at cost less accumulated depreciation.

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



Increases in the carrying amount arising on revaluation of land are credited to other comprehensive income and shown as gain on asset revaluation in equity. Decreases that offset previous increases of the same asset are charged in other comprehensive income and debited against gain on asset revaluation directly in equity; all other decreases are charged to profit or loss.

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

Land improvement	5 - 10 years
Leasehold improvement	contract period
Buildings and infrastructure	5 - 32 years
Terminals, gas filling and service stations and gas storage tanks	3 - 50 years
Gas vessels	2.5 - 32 years
Gas cylinders	10 - 20 years
Machine, factory tools and equipment	5 - 32 years
Furniture, fixtures and office equipment	5 - 20 years
Vehicles	5 - 30 years
Dry-docking	2.5 years

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

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

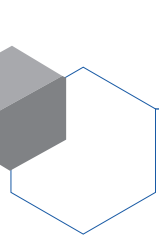
Gains or losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within "other gain or losses, net" in statement of income. When revalued assets are sold, the amounts included in gain on asset revaluation are transferred to retained earnings.

## 2.10 Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net assets of the acquired subsidiary undertaking at the date of acquisition. Goodwill on acquisitions of subsidiaries is reported as an intangible asset and included in interests in joint ventures respectively in the consolidated statement of financial position.

Recognised goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.





Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose, identified according to operating segment.

## 2.11 Intangible assets

### 2.11.1 Computer software

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised on a straight-line basis over their estimated useful lives between five to ten years.

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use or sell it;
- management intends to complete the software product and use or sell it;
- there is an ability to use or sell the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- the expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of relevant overheads.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an intangible asset in a subsequent period.

Computer software development costs recognised as assets are amortised over their estimated useful lives, which does not exceed 10 years.



### 2.11.2 Contractual customer relationships

Contractual customer relationships acquired in a business combination are recognised at fair value at the acquisition date. The contractual customer relations have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method over the expected life of the customer relationship not over ten years.

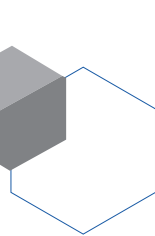
## 2.12 Impairment of assets

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

## 2.13 Leases - where the Group is the lessee

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

The Group leases certain property, plant and equipment. Leases of property, plant or equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased property and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to profit or loss over the lease period so as to achieve a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant or equipment acquired under finance leases is depreciated over the shorter period of the useful life of the asset and the lease term.



## Leases - where the Group is the lessor

When assets are leased out under a finance lease, the present value of the lease payments is recognised as a receivable. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income. Lease income is recognised over the term of the lease using the net investment method, which reflects a constant periodic rate of return. Initial direct costs are included in initial measurement of the finance lease receivable and reduce the amount of income recognised over the lease term.

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

## 2.14 Borrowings

Borrowings are recognised initially at the fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of reporting date.

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

## 2.15 Current and deferred income taxes

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.





The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of reporting period in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

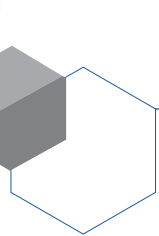
Deferred income tax is recognised, using the liability method, on temporary differences arising from differences between the tax base of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred income tax is provided on temporary differences arising from investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

## 2.16 Employee benefits

Group companies operate various retirement benefits schemes. The Group has both defined benefit and defined contribution plans. A defined contribution plan is a retirement plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The Group pays contributions to a separate fund which is managed by an external fund manager in accordance with the provident fund Act, B.E. 2530. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.



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

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

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

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

## 2.17 Provisions

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

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

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

## 2.18 Cylinder deposits

Cylinder deposits are recorded as liabilities from customers and will be settled with each customer when customer return the cylinders together with related original receipt as evidence of the deposits to the Group.







## 2.19 Share capital

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

Where any company in the Group purchases the Company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders until the shares are cancelled or reissued. Where such shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

## 2.20 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and service net of output tax, rebates and discounts, and after eliminating sales within the Group for the consolidated financial statements. Revenue from sales of goods is recognised when significant risks and rewards of ownership of the goods are transferred to the buyer. Transportation revenue is recognised in proportion to the lapsed time of the voyage, and services revenue are recognised when the services are rendered.

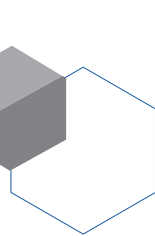
Revenue from rental is recognised on a straight-line basis over the lease term. Interest income is recognised on a time proportion basis, taking account of the principal outstanding and the rate over the period to maturity, when it is determined that such income will accrue to the Group. Dividends are recognised when the right to receive payment is established.

## 2.21 Dividends

Dividend distribution to the Company's shareholders is recognised in the consolidated and separate financial statements in the period in which the dividends are approved by the Company's shareholders and the interim dividends are approved by the Board of Directors.

## 2.22 Segment reporting

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



## 2.23 Related party transactions

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the company, including holding companies, subsidiaries and fellow subsidiaries are related parties of the company. Associates and individuals owning, directly or indirectly, an interest in the voting power of the company that gives them significant influence over the enterprise, key management personnel, including directors and officers of the company and close members of the family of these individuals and companies associated with these individuals also constitute related parties.

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

## 2.24 Financial instruments

Financial assets carried in the statement of financial position include cash and cash equivalents, short-term investments, trade and other receivables and long-term loans. Financial liabilities carried in the balance sheet include bank overdrafts and short-term loans from financial institutions, trade and other payables, long-term loans, bonds, and cylinder deposits. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

# 3 Financial risk management

## 3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks, market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses derivative financial instruments to hedge certain exposures.

Risk management is carried out by a central treasury department (the Group treasury) under policies approved by the Board of Directors. The Group treasury identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative and non-derivative financial instruments, and investment excess liquidity.





### 3.1.1 Foreign exchange risk

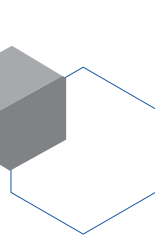
The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to USD. Foreign exchange risk arises from future commercial transactions and borrowing. Management provides the principles for overall risk management to the operating currency. Entities in the Group use forward contracts to hedge their exposure to foreign currency risk in connection with measurement currency of commercial transactions and borrowing. Foreign exchange risk arise from future commercial transactions that is not the currency of the Group's operation.

### 3.1.2 Interest rate risk

Interest rate risk arises from change in interest rates, which may have an impact on the Group's and Company's operations in the current reporting period and in future years. Liabilities which are affected from significant interest rate risk are as follows:

	Consolidated financial statements		Separate financial statements		Interest rate per annum	
	2016 Million Baht	2015 Million Baht	2016 Million Baht	2015 Million Baht	2016 % p.a.	2015 % p.a.
Long-term loans from commercial banks						
- Fixed interest rates	630	347	-	-	3.60 - 4.45	4.40 - 4.45
- Floating interest rates	742	320	521	-	MLR-1.00, LIBOR 3M+4.25% LIBOR 1M+3.00% LIBOR 3M+3.42% LIBOR 3M+3.10%	MLR-1.00, LIBOR 3M+4.25% LIBOR 1M+3.00%
Long-term loans from related parties	3	3	534	570	1.75 Fixed deposits + 0.50	1.75 Fixed deposits + 0.50
Bonds	6,294	4,796	6,294	4,796	4.30 - 5.20	4.70 - 5.90

The Group sometimes borrows at fixed and floating rates and uses interest rate swaps as cash flow hedges of future interest payments because the Group assesses that the changes in interest rate will not significantly affect to the Group's operation.



### 3.1.3 Credit risk

The credit risk of the Group is export sales to primarily customers in overseas. However, the Group has no significant concentrations of credit risks for local sales. The Group has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history. Derivative counterparties and cash transactions are limited to high credit quality financial institutions.

### 3.1.4 Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an amount of committed credit facilities and also issue of bond in the financial market, the Group treasury aims at maintaining flexibility in funding by keeping committed credit facilities available for the operating and investing purpose of the Group in future.

## 3.2 Accounting for derivative financial instruments and hedging activities

The Group is party to derivative financial instruments, which mainly comprise foreign currency forward contracts and interest rate swap agreements. Such instruments are not recognised in the financial statements on inception.

Foreign currency forward contracts protect the Group from movements in exchange rates by establishing the rate at which a foreign currency asset will be realised or a foreign currency liability settled. Any increase or decrease in the amount required to realise the asset or settle the liability is offset by a corresponding movement in the value of the forward exchange contract. The gains and losses on the derivative instruments and the underlying financial asset or liability are therefore offset for financial reporting purposes and are not recognised in the financial statements. The fee incurred in establishing each agreement is amortised over the contract period, if any.

Interest rate swap agreements protect the Group from movements in interest rates. Any differential to be paid or received on an interest rate swap agreement is recognised as a component of interest revenue or expense over the period of the agreement. Gains and losses on early termination of interest rate swaps or on repayment of the borrowing are taken to profit or loss.

Disclosures about derivative financial instruments to which the Group is a party are provided in Note 35.

## 3.3 Fair value estimation

Financial assets carried in the statement of financial position include cash and cash equivalents, trade and other receivables, trade receivables from related parties and long-term loans. Financial





liabilities carried in the statement of financial position include short-term loans from financial institutions, trade and other payables, trade payables to related parties, long-term loans, accrued corporate income tax, bonds and cylinder deposits.

The carrying amounts of the financial assets and financial liabilities approximate their fair values. Long-term loans from financial institutions, and long-term loans to/from related parties with interest charged at the floating rates, the carrying amount of such loans approximates the fair value. The terms to maturity of long-term loans from related parties with interest charged at the fixed rates, and cylinder deposits are uncertain, the Group cannot estimate a reliable repayment period, therefore the fair value cannot be reliably estimated.

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

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

The following table presents the Group's financial assets that are measured at fair value at 31 December 2016, see note 13 for disclosure of land that are measured at fair value.

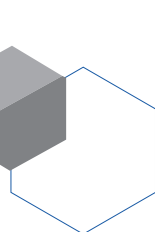
	Consolidated and separate financial statements			
	Level 1 Million Baht	Level 2 Million Baht	Level 3 Million Baht	Total Million Baht
<b>Financial assets at fair value through profit or loss</b>				
Short-term investments	108	-	-	108

The fair value of short-term investments are based on net asset value of individual mutual fund using quoted prices (unadjusted) in active markets for identical assets. The fair values are within level 1 of the fair value hierarchy.

There were no transfers between levels 1 and 2 during the year.

The Group disclosed fair values of bond and long-term loans from financial institutions which bear fixed interest rate as follows:





The book value and fair value of bonds and accrued interest expenses are as follows:

	Consolidated financial statements		Separate financial statements	
	2016 Million Baht	2015 Million Baht	2016 Million Baht	2015 Million Baht
Bonds, net				
- Book Value	6,342	4,837	6,342	4,837
- Fair Value	6,403	4,910	6,403	4,910

The fair values of bonds which bear fixed interest rate are based on discounted cash flows using discount rates based upon the bond rates at the date of the financial statements. The rates are interval from 3.48% - 3.78% (2015: 3.52% - 3.61%). The fair values are within level 2 of the fair value hierarchy.

The book value and fair value of long-term loans from financial institutions are as follows:

	Consolidated financial statements		Separate financial statements	
	2016 Million Baht	2015 Million Baht	2016 Million Baht	2015 Million Baht
Long-term loans from financial institutions, net				
- Book Value	630	347	-	-
- Fair Value	626	349	-	-

The fair values of long-term loans from financial institutions which bear fixed interest rates are based on discounted cash flows using discount rates based upon market interest rates for borrowing in the same risk level at the date of the financial statements. The rates are interval from 3.48% - 4.51% (2015: 3.52% - 4.11%). The fair values are within level 2 of the fair value hierarchy. The fair values of long-term loans from financial institutions which bear floating interest rates approximate the carrying amounts.



## 4 Critical accounting estimates, assumptions and judgements

Accounting estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

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

### (a) Plant and equipment and intangible assets

Management determines the estimated useful lives and residual values of the Group's plant and equipment and intangible assets. The management reviews the calculations of depreciation and amortisation expenses where the estimated useful life and residual value differ from the previous estimation or there is written-off for technically obsolete or non-used assets by sales or abandon.

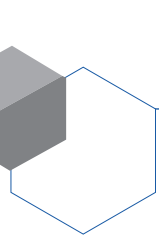
### (b) Estimation of impairment of goodwill and investments in subsidiaries and joint ventures

The Group tests annually whether goodwill has suffered any impairment in accordance with the accounting policy stated in Note 2.12. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. The value-in-use calculation requires the management to estimate the future cash flows expected to arise from the cash-generating unit in order to calculate present value. Significant estimates and assumptions used are growth rate and discount rate which reflect risk of the particular cash-generating unit (Note 14). Determination of the assumptions is necessary for the goodwill impairment testing.

The Group tests whether investment has suffered any impairment when indicators of impairment trigger. The recoverable amounts of cash-generating units have been determined based on the fair value net selling cost or value-in-use calculations as mentioned above. The determination is calculated based on the best available information.

### (c) Retirement benefits

The present value of the retirement obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in



determining the net cost (income) for retirement benefit include the discount rate. Any changes in these assumptions will have an impact on the carrying amount of retirement benefit obligations.

The Group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the retirement benefit obligations. In determining the appropriate discount rate, the Group considers the market yield of government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related retirement liability.

Other key assumptions for retirement benefit obligations are based in part on current market conditions. Additional information is disclosed in Note 24.

#### **(d) Recognition of deferred tax assets**

The recognition of deferred tax assets is based upon whether it is probably that sufficient taxable profits will be available in the future against which the reversal of temporary differences can be deducted. The Group has determined the future taxable profits by referencing to the latest available financial forecasts. The recognition, therefore, involves judgement regarding the future financial performance of the Group in which the deferred tax assets have been recognised.

#### **(e) Allowance for doubtful accounts**

The determination of the allowance for doubtful accounts requires the use of various assumptions and judgements by the management, which includes the estimated collection losses on receivables, based on the Group's collection experience together with a review of the financial position of the debtors. The management reviews these estimates and assumptions on a regular basis.

## **5 Capital risk management**

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders. The Group does not apply any financial ratios to monitor its capital. However, the Group has monitored its debt covenants as specified in the loan agreements and bond prospectus (Note 20 and 22).





## 6 Segment information

Segment information is presented in respect of the Group operating segments which are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker.

The operating segments are as follows:

Petroleum and petrochemical products	: Petroleum trading for household cooking, industry and transportation businesses, and petrochemical trading
Transportation services	: Transportation services by land and ship
Other segment	: Cylinder manufacturing

For the year ended 31 December 2016	Consolidated financial statements				
	Petroleum and petrochemical products Million Baht	Transportation services Million Baht	Other business segment Million Baht	Elimination entries Million Baht	Total Million Baht
Sales and service income	68,160	2,065	193	(22,257)	48,161
Cost of goods sold and services	(65,426)	(1,889)	(160)	22,204	(45,271)
Operating profit	2,734	176	33	(53)	2,890
Other income	330	59	(15)	(157)	217
Net income before operating expenses	3,064	235	18	(210)	3,107
Unallocated expenses					(1,950)
Profit sharing from joint ventures					8
Net profit for the year					1,165

For the year ended 31 December 2015	Consolidated financial statements				
	Petroleum and petrochemical products Million Baht	Transportation services Million Baht	Other business segment Million Baht	Elimination entries Million Baht	Total Million Baht
Sales and service income	78,179	2,371	168	(22,636)	58,082
Cost of goods sold and services	(75,487)	(1,878)	(144)	22,463	(55,046)
Operating profit	2,692	493	24	(173)	3,036
Other income	370	48	18	(179)	257
Net income before operating expenses	3,062	541	42	(352)	3,293
Unallocated expenses					(2,138)
Loss sharing from joint ventures					(13)
Net profit for the year					1,142

For the year ended 31 December 2016 and 2015, the Group did not have any major customer who generates revenue more than 10% of total revenue.

## 7 Cash and cash equivalents

As at 31 December	Consolidated financial statements		Separate financial statements	
	2016 Million Baht	2015 Million Baht	2016 Million Baht	2015 Million Baht
Cash on hand	9	8	3	2
Deposits held at call with banks	1,870	2,262	257	370
Cash and cash equivalents	1,879	2,270	260	372

The average interest rate on deposits held at call with banks was ranged between 0.05% - 4.30% per annum (2015: 0.05% - 3.25% per annum).

## 8 Short-term investments

Short-term investments comprise trading investments in units of mutual funds. The purpose of these investments is to invest short-term excess cash to achieve a competitive rate of return with low risk.

The movements of short-term investments can be analysed as follows:

For the year ended 31 December 2016	Consolidated financial statements Million baht	Separate financial statements Million Baht
Opening amount	308	308
Additions	1,750	1,750
Redemptions	(1,950)	(1,950)
Closing amount	108	108





## 9 Trade and other receivables, net

As at 31 December	Consolidated financial statements		Separate financial statements	
	2016 Million Baht	2015 Million Baht	2016 Million Baht	2015 Million Baht
Trade receivables	2,400	2,678	275	345
<u>Less</u> Allowance for doubtful accounts	<u>(63)</u>	<u>(62)</u>	<u>(5)</u>	<u>(5)</u>
Trade receivables, net	2,337	2,616	270	340
Trade receivables from related parties (Note 33)	49	56	19	20
Prepayments	182	226	45	41
Advance payments	173	192	1	1
Accrued income	3	11	-	-
Other receivables	345	194	-	-
Accrued interest income on loans to related parties (Note 33)	-	-	8	-
Other receivable from related parties (Note 33)	-	-	89	-
Trade and other receivables, net	<u>3,089</u>	<u>3,295</u>	<u>432</u>	<u>402</u>

The age analysis of trade receivables is as follows:

As at 31 December	Consolidated financial statements		Separate financial statements	
	2016 Million Baht	2015 Million Baht	2016 Million Baht	2015 Million Baht
<b>Trade receivables</b>				
Current	1,753	2,165	231	248
Overdue				
- less than 3 months	319	379	33	51
- 3 months to 12 months	239	36	1	10
- more than 12 months	89	98	10	36
Total	2,400	2,678	275	345
<u>Less</u> Allowance for doubtful accounts	<u>(63)</u>	<u>(62)</u>	<u>(5)</u>	<u>(5)</u>
Trade receivable, net	<u>2,337</u>	<u>2,616</u>	<u>270</u>	<u>340</u>

The age analysis of trade receivables from related parties is as follows:

As at 31 December	Consolidated financial statements		Separate financial statements	
	2016 Million Baht	2015 Million Baht	2016 Million Baht	2015 Million Baht
Trade receivables from related parties				
Current	49	56	10	10
Overdue				
- less than 3 months	-	-	9	10
Trade receivables from related parties	49	56	19	20

## 10 Inventories, net

As at 31 December	Consolidated financial statements		Separate financial statements	
	2016 Million Baht	2015 Million Baht	2016 Million Baht	2015 Million Baht
Raw material	25	39	-	-
Work in progress	16	21	-	-
Finished goods				
- Petroleum products	2,922	3,305	141	153
- Petrochemical products	23	37	-	-
- Oil products	119	91	-	-
- Others	16	11	1	1
- Goods in transit	137	835	23	19
Supplies and other	100	103	-	-
Total	3,358	4,442	165	173
<u>Less</u> Allowance for diminution in value of inventories	(13)	(67)	-	-
Inventories, net	3,345	4,375	165	173

The cost of inventories recognised as expense and included in 'cost of sales' amounted to Baht 40,351 million (2015: Baht 49,850 million) in the consolidated financial statements and amounted to Baht 7,521 million (2015: Baht 9,653 million) in the separate financial statements.

According to regulations issued by the Ministry of Energy, the Group and the Company are required to reserve petroleum products and crude oil at 1% and 1% of the total trading volume of petroleum





products and crude oil in Thailand in each period, respectively (2015: 1% and 1%, respectively). As at 31 December 2016, the inventories included minimum mandatory reserve on petroleum products and crude oil amounting to Baht 171.51 million in the consolidated financial statements, and Baht 77.29 million in the separate financial statements (31 December 2015: Baht 223.29 million in the consolidated financial statements, and Baht 93.17 million in the separate financial statements), which were net of allowance for net realisable value.

## 11 Other current assets

As at 31 December	Consolidated financial statements		Separate financial statements	
	2016 Million Baht	2015 Million Baht	2016 Million Baht	2015 Million Baht
VAT refundable	182	151	-	-
Corporate income tax refundable	18	8	15	7
Deposits for inventory	13	15	-	-
Deposits for tariff customs	182	76	-	-
Deposits at bank used as collateral	59	-	-	-
Others	44	88	7	6
Other current assets	498	338	22	13

## 12 Investments in subsidiaries and joint ventures, net

### 12.1 Investments in subsidiaries, net

The movement in investments in subsidiaries are as follows:

For the year ended 31 December	Separate financial statements	
	2016 Million Baht	2015 Million Baht
Opening balance, net	7,683	7,689
Acquisitions	896	10
Proceed of investment	-	(6)
Gains on investment return	-	1
Transfer from investment in joint venture (Note 12.2)	63	-
<u>Less</u> Impairment charge	-	(11)
Closing balance, net	8,642	7,683



The principal subsidiaries are as follows:

	Country of incorporation	% ownership interest		Type of business
		2016	2015	
Direct Subsidiaries				
Unique Gas and Petrochemicals Public Company Limited	Thailand	99.59%	99.59%	Petroleum and petrochemical products distribution
Lucky Carrier Company Limited	Thailand	99.99%	99.99%	Transportation and distribution
Siam Quality Steel Company Limited	Thailand	99.99%	99.99%	Manufacturing and distribution of LPG cylinders
Siam Ethanol Export Company Limited	Thailand	70.00%	70.00%	Manufacturing of ethanol products (ceased its operation)
Siam Lucky Marine Company Limited <sup>[2]</sup>	Thailand	45.86%	42.65%	Transportation services
Siam Suksawat Company Limited	Thailand	100.00%	100.00%	Transportation and discharge goods, petroleum product distribution
Siamgas Hongkong Company Limited	Hongkong	100.00%	100.00%	Holding business
Super Gas Company Limited	Vietnam	100.00%	100.00%	Petroleum products distribution
SingGas (LPG) Pte. Ltd.	Singapore	95.00%	95.00%	Petroleum products distribution
United Gas & Petrochemicals Sdn. Bhd. <sup>[1]</sup>	Malaysia	-	100.00%	Petroleum products distribution
Siam Gas Trading Pte. Ltd.	Singapore	100.00%	100.00%	Petroleum products distribution
MyGaz Sdn. Bhd.	Malaysia	70.00%	70.00%	Petroleum products distribution
Siamgas Myanmar Consortium Pte. Ltd.	Singapore	80.00%	80.00%	Holding business
Siam Gas Power Pte. Ltd. <sup>[3]</sup>	Singapore	100.00%	-	Holding business
Siamgas Global Investment Pte. Ltd. <sup>[4]</sup>	Singapore	100.00%	-	Holding business
Far East Petroleum Sdn. Bhd. <sup>[5]</sup>	Malaysia	100.00%	-	Petroleum and petrochemical product distribution, warehousing and storage service
Indirect Subsidiary (holding by Unique Gas and Petrochemicals Public Company Limited)				
Siam Lucky Marine Company Limited <sup>[2]</sup>	Thailand	14.77%	15.65%	Transportation services
Indirect Subsidiary (holding by Lucky Carrier Company Limited)				
Siam Lucky Marine Company Limited <sup>[2]</sup>	Thailand	39.37%	41.70%	Transportation services
Indirect Subsidiaries (holding by Siamgas Hongkong Co., Ltd.)				
Sino Siam Gas and Petrochemical Co., Ltd.	The People's Republic of China	100.00%	100.00%	Petroleum and petrochemical products distribution
Siam Ocean Gas and Energy Co., Ltd.	The People's Republic of China	100.00%	100.00%	Petroleum and petrochemical products distribution

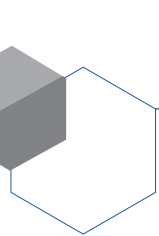
Details of investments in subsidiaries is as follows:

As at 31 December	Separate financial statements			
	Paid-up Capital		Cost Method	
	2016 Million Baht	2015 Million Baht	2016 Million Baht	2015 Million Baht
Unique Gas and Petrochemicals Public Company Limited	105	105	2,105	2,105
Lucky Carrier Company Limited	70	70	70	70
Siam Quality Steel Company Limited	70	70	70	70
Siam Ethanol Export Company Limited	400	400	280	280
Siam Lucky Marine Company Limited <sup>(2)</sup>	447	422	205	180
Siam Suksawat Co., Ltd.	100	100	100	100
Siamgas Hongkong Co., Ltd.	4,088	4,088	4,088	4,088
Super Gas Co., Ltd.	425	425	388	388
SingGas (LPG) Pte. Ltd.	336	336	427	427
Siam Gas Trading Pte. Ltd.	12	12	12	12
MyGaz Sdn. Bhd.	121	121	84	84
Siam Gas Power Pte. Ltd. <sup>(3)</sup>	843	-	843	-
Siamgas Myanmar Consortium Pte. Ltd.	-	-	-	-
Siamgas Global Investment Pte. Ltd. <sup>(4)</sup>	2	-	2	-
Far East Petroleum Sdn. Bhd. <sup>(5)</sup>	89	-	89	-
Total investment in subsidiaries			8,763	7,804
<u>Less</u> Impairment charge			(121)	(121)
Investments in subsidiaries, net			<u>8,642</u>	<u>7,683</u>

As at 31 December 2016, the Company recognised impairment loss on investment in Siam Ethanol Export Company Limited amounting to Baht 121 million because the ethanol business operation did not operate as plan and has ceased its operation since 2012. The impairment testing was determined based on the fair value less cost to sell of net assets. Management employed a qualified external valuer to appraise the fair values of assets in the subsidiary. The major assets of this subsidiary are property, plant and equipment. The fair values of property were determined based on the market value method, and the fair values of plant and equipment were determined based on the replacement cost method.

Changes of investments in subsidiaries during the year are as follows:

- (1) In August 2013, the Company's management approved the dissolution of United Gas & Petrochemicals Sdn. Bhd. for appropriate business management. This subsidiary had not started its operation and the dissolution did not have any impact on the Company's business operation. The Company recognised proceeds from investment return amounting to Baht 5.83 million in the financial statements for the year ended 2015. The liquidation process was completed on 10 March 2016.



- (2) On 24 February 2016, at the Board of Directors' meeting of Siam Lucky Marine Company Limited (a subsidiary), the board passed a resolution to approve an increase in share capital with 2.50 million shares of Baht 25.00 million. The number of shares (with a par value of Baht 10 each) increased from 42.20 million shares to 44.70 million shares. As a result, the Company's ownership interest changed from 42.65% to 45.86% but the Group's ownership interest remains unchanged at 99.99%. The registration with the Ministry of Commerce was completed on 25 April 2016.
- (3) On 5 July 2016, the Company has established Siam Gas Power Pte. Ltd. ('SPW'), registered in Singapore with 1 share at par value of SGD 1 or Bath 26.35. The Company owns 100% of shares of this subsidiary. The subsidiary is a holding company to support the investment in the electrical energy business. Subsequently, at the Extraordinary General Meeting of the subsidiary, the shareholders passed a resolution to increase SPW's registered capital to USD 24.01 million or Baht 843 million. The registration was completed on 14 September 2016. The Company has already paid the capital increase to SPW. The Company's ownership interest still remains at 100.00%.
- (4) On 25 August 2016, the Company has established Siamgas Global Investment Pte. Ltd. ("SGI"), registered in Singapore with 1 share at par value of USD 1 or Bath 34.78. The Company wholly own 100% share of the subsidiary that is a holding company. On 14 November 2016, at the Company's Board of Directors' meeting, the board passed a resolution to approve an increase in share capital of SGI, incorporated in Singapore, ("a subsidiary") with 49,999 shares with a par value of USD 1 each or approximately Baht 1.73 million. The number of shares (with a par value of USD 1 each) increased from 1 share to 50,000 shares. The Company's ownership interest remains unchanged at 100%. The registration was completed on 2 December 2016.
- (5) On 10 August 2016, at the Company's Board of Directors' meeting, the board passed a resolution to approve the acquisition of 3.00 million shares in the portion of 30% with a par value of MYR 1.00 each, totalling MYR 3.00 million or Baht 25.76 million in Far East Petroleum Sdn. Bhd. (a joint venture). Consequently, the Group owns 100% interest in Far East Petroleum Sdn. Bhd. who became a new subsidiary of the Group (Note 12.2). This acquisition is considered as an acquisition of a group of assets according to TFRS 3: Business combinations because the new subsidiary has not started its business operations yet.

The Group allocated the consideration paid to assets identified and liabilities assumed from the acquisition of group of assets. Details of the group of assets taken from acquisition of the subsidiary are as follows;





	<u>Million Baht</u>
Cash and cash equivalents	74
Property, plant and equipment - construction in progress (Note 13)	137
Other accounts payable - related party	(132)
Other assets less liabilities	<u>7</u>
Total assets identified and liabilities assumed at the acquisition date	<u>86</u>
 Total purchase consideration at 30%	 <u>26</u>
 Net cash received from acquisition of a subsidiary	
 <b>For the year ended 31 December 2016</b>	 <b><u>Million Baht</u></b>
Cash payment for the purchase of additional investment	(26)
Cash balance in the new subsidiary at the acquisition date	<u>74</u>
 Net cash received from acquisition of a subsidiary	 <u>48</u>

## 12.2 Investments in joint ventures

The movement in investments in joint ventures are as follows:

For the year ended 31 December	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
	<b>Million Baht</b>	<b>Million Baht</b>	<b>Million Baht</b>	<b>Million Baht</b>
Opening balance	149	109	87	24
Addition	-	63	-	63
Transfer to investment in subsidiary (Note 12.1)	(56)	-	(63)	-
Share of profit (loss)	8	(13)	-	-
Currency translation differences	-	(10)	-	-
 Closing balance	 <u>101</u>	 <u>149</u>	 <u>24</u>	 <u>87</u>

The joint ventures are as follows:

	Country of incorporation	% ownership interest		Type of business
		2016	2015	
Direct Joint Ventures				
Citygas North Co., Ltd.	Vietnam	79.64%	79.64%	Petrochemical products distribution
SG Gas Sdn. Bhd.	Malaysia	29.99%	29.99%	Petrochemical products distribution
Siam Nathalin Co., Ltd.	Thailand	50.00%	50.00%	Vessel transportation food and beverage
Far East Petroleum Sdn. Bhd. <sup>Note 12.1</sup>	Malaysia	-	70.00%	Petroleum and petrochemical product distribution, warehousing and storage service

The Group has ownership interest in investments in different percentage and classified as investments in joint ventures because shareholder agreements of joint ventures have determined the management structure including strategic financial decision and operation which has voting right from the shareholders or the representative of each parties.

Details of investments in joint ventures is as follow:

As at 31 December	Paid-up Capital (the Group's portion)		Consolidated financial statements Equity Method		Separate financial statements Cost Method	
	2016	2015	2016	2015	2016	2015
	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht
Citygas Noth Co., Ltd.	150	150	100	90	20	20
SG Gas Sdn. Bhd.	3	3	-	-	3	3
Siam Nathalin Co., Ltd.	1	1	1	1	1	1
Far East Petroleum Sdn. Bhd.	-	63	-	58	-	63
			101	149	24	87

Key financial information as proportion of the Group's interest in Citygas North Co., Ltd., SG Gas Sdn. Bhd. and Siam Nathalin Co., Ltd. are as follows:

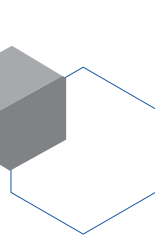
	Total assets Million Baht	Total liabilities Million Baht	Total revenue Million Baht	Net profit (loss) Million Baht	% ownership interest
<b>For the year ended 31 December 2016</b>					
Citygas North Co., Ltd.	263	163	323	10	79.64%
SG Gas Sdn. Bhd.	6	6	8	-	29.99%
Siam Nathalin Co., Ltd.	2	1	2	-	50.00%
	271	170	333	10	
<b>For the year ended 31 December 2015</b>					
Citygas North Co., Ltd.	278	188	338	(12)	79.64%
SG Gas Sdn. Bhd.	4	4	5	(1)	29.99%
Siam Nathalin Co., Ltd.	-	-	-	-	50.00%
Far East Petroleum Sdn. Bhd.	58	-	-	(1)	70.00%
	340	192	343	(14)	



### 13 Property, plant and equipment, net

Consolidated financial statements										
	Land Million Baht	Buildings, infrastructure and land improvement Million Baht	Terminals, gas filling stations and service storage tanks Million Baht	Gas vessels Million Baht	Gas cylinders Million Baht	Machine, factory tools and equipment Million Baht	Furniture, fixtures and office equipment Million Baht	Vehicles Million Baht	Construction in progress Million Baht	Total Million Baht
As at 1 January 2015										
Cost - Historical cost	2,159	7,769	2,250	3,086	5,160	2,659	2,327	1,351	882	27,643
- Revaluation surplus	1,242	-	-	-	-	-	-	-	-	1,242
	3,401	7,769	2,250	3,086	5,160	2,659	2,327	1,351	882	28,885
Less Accumulated depreciation	-	[4,364]	[1,117]	[1,165]	[3,267]	[1,179]	[1,854]	[819]	-	[13,765]
	3,401	3,405	1,133	1,921	1,893	1,480	473	532	882	15,120
For the year ended 31 December 2015										
Opening net book value	3,401	3,405	1,133	1,921	1,893	1,480	473	532	882	15,120
Additions	6	18	20	11	206	2	20	15	560	858
Transfer	-	66	27	399	-	-	14	16	[522]	-
Disposals, net	-	[1]	[1]	[14]	[1]	-	[218]	[25]	[6]	[266]
Currency translation differences	-	194	1	310	[32]	45	9	-	[1]	526
Depreciation charge	-	[170]	[66]	[308]	[191]	[194]	[29]	[34]	-	[992]
	3,407	3,512	1,114	2,319	1,875	1,333	269	504	913	15,246
Closing net book value	3,407	3,512	1,114	2,319	1,875	1,333	269	504	913	15,246
As at 31 December 2015										
Cost - Historical cost	2,165	7,949	2,295	3,537	5,359	2,686	2,123	1,345	913	28,372
- Revaluation surplus	1,242	-	-	-	-	-	-	-	-	1,242
	3,407	7,949	2,295	3,537	5,359	2,686	2,123	1,345	913	29,614
Less Accumulated depreciation	-	[4,437]	[1,181]	[1,218]	[3,484]	[1,353]	[1,854]	[841]	-	[14,368]
	3,407	3,512	1,114	2,319	1,875	1,333	269	504	913	15,246





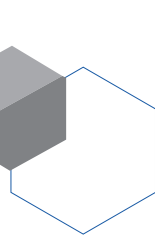
Consolidated financial statements

	Land Million Baht	Buildings, infrastructure and land improvement Million Baht	Terminals, gas filling and service stations and gas storage tanks Million Baht	Gas vessels Million Baht	Gas cylinders Million Baht	Machine, factory tools and equipment Million Baht	Furniture, fixtures and office equipment Million Baht	Vehicles Million Baht	Construction in progress Million Baht	Total Million Baht
<b>For the year ended</b>										
<b>31 December 2016</b>										
Opening net book value	3,407	3,512	1,114	2,319	1,875	1,333	269	504	913	15,246
Additions	238	10	29	392	391	33	16	97	709	1,915
Transferred of assets from changing investment in joint venture to investment in subsidiary	-	-	-	-	-	-	-	-	137	137
Transfer	-	506	401	476	2	-	14	33	(1,432)	-
Disposals, net	-	(4)	-	-	(3)	-	-	-	(32)	(39)
Currency translation differences	-	(302)	(1)	5	(14)	(76)	(16)	-	(5)	(409)
Depreciation charge	-	(169)	(70)	(421)	(204)	(190)	(27)	(37)	-	(1,118)
Closing net book value	3,645	3,553	1,473	2,771	2,047	1,100	256	597	290	15,732
<b>As at 31 December 2016</b>										
Cost - Historical cost	2,403	8,398	2,723	4,326	5,757	2,679	2,146	1,465	290	30,187
- Revaluation surplus	1,242	-	-	-	-	-	-	-	-	1,242
Less Accumulated depreciation	3,645	8,398	2,723	4,326	5,757	2,679	2,146	1,465	290	31,429
	-	(4,845)	(1,250)	(1,555)	(3,710)	(1,579)	(1,890)	(868)	-	(15,697)
Net book value	3,645	3,553	1,473	2,771	2,047	1,100	256	597	290	15,732



		Separate financial statements						
	Land Million Baht	Buildings, infrastructure and land improvement Million Baht	Terminals, gas filling stations and gas storage tanks Million Baht	Gas cylinders Million Baht	Furniture, fixtures and office equipment Million Baht	Vehicles Million Baht	Construction in progress Million Baht	Total Million Baht
As at 1 January 2015	1,773	226	638	801	269	101	777	4,585
	940	-	-	-	-	-	-	940
	2,713	226	638	801	269	101	777	5,525
	-	(52)	(148)	(333)	(25)	(38)	-	(596)
Net book value	2,713	174	490	468	244	63	777	4,929
For the year ended 31 December 2015								
Opening net book value	2,713	174	490	468	244	63	777	4,929
Additions	-	18	15	68	5	5	105	216
Transfer	-	66	8	-	8	-	(82)	-
Disposals, net	-	(1)	-	(1)	(217)	(24)	(2)	(245)
Depreciation charge	-	(9)	(17)	(53)	(12)	(4)	-	(95)
Closing net book value	2,713	248	496	482	28	40	798	4,805
As at 31 December 2015								
Cost - Historical cost	1,773	308	661	868	47	80	798	4,535
- Revaluation	940	-	-	-	-	-	-	940
Less Accumulated depreciation	2,713	308	661	868	47	80	798	5,475
	-	(60)	(165)	(386)	(19)	(40)	-	(670)
Net book value	2,713	248	496	482	28	40	798	4,805





		Separate financial statements							
		Land Million Baht	Buildings, infrastructure and land improvement Million Baht	Terminals, gas filling and service stations and gas storage tanks Million Baht	Gas cylinders Million Baht	Furniture, fixtures and office equipment Million Baht	Vehicles Million Baht	Construction in progress Million Baht	Total Million Baht
For the year ended 31 December 2016									
	Opening net book value	2,713	248	496	482	28	40	798	4,805
	Additions	225	1	1	66	2	3	90	388
	Transfer	-	495	296	-	2	-	[793]	-
	Disposals, net	-	[3]	-	-	-	-	[31]	[34]
	Depreciation charge	-	[13]	[18]	[47]	[4]	[4]	-	[86]
	Closing net book value	2,938	728	775	501	28	39	64	5,073
As at 31 December 2016									
	Cost - Historical cost	1,998	801	958	934	51	83	64	4,889
	- Revaluation	940	-	-	-	-	-	-	940
		2,938	801	958	934	51	83	64	5,829
		-	[73]	[183]	[433]	[23]	[44]	-	[756]
	Less Accumulated depreciation								
	Net book value	2,938	728	775	501	28	39	64	5,073





## Fair value of land

The table below analyses non financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

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

Consolidated financial statements			
Fair value measurements at 31 December 2016			
	Level 1	Level 2	Level 3
	Million Baht	Million Baht	Million Baht
<b>Recurring fair value measurements</b>			
Land	-	3,645	-

Separate financial statements			
Fair value measurements at 31 December 2016			
	Level 1	Level 2	Level 3
	Million Baht	Million Baht	Million Baht
<b>Recurring fair value measurements</b>			
Land	-	2,938	-

There were no transfers between levels 1 and 2 during the year.

Level 2 fair values of land have been derived using the market comparison approach. Sales prices of comparable land in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square wah.

The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer.

### Process of land appraisal of the Group

The Group's finance department includes a team that performs the valuations of land required for financial reporting purposes. This team reports directly to the chief financial officer (CFO). Discussions of valuation processes and results are held among the CFO, the valuation team and independent valuer at least five years a time.

### Assets pledged as collateral

As at 31 December 2016, certain of gas vessels of a subsidiary with net book value of Baht 1,657.81 million (2015: Baht 1,460.57 million) have been pledged as collateral for loans from local commercial banks (Note 20).

### Borrowing costs attributable to the acquisition of qualifying assets

Borrowing costs of Baht 4.07 million (2015: Baht 10.70 million), arising from bonds issued to refinance the long-term loans for the construction of a new factory port and gas terminal at Suksawat, were capitalised during the year and are included in "Additions". A capitalisation rate of 4.88% (2015: 5.13%) was used, representing the average borrowing cost of bonds.

## 14 Goodwill

As at 31 December	Consolidated financial statements	
	2016 Million Baht	2015 Million Baht
Goodwill	1,538	1,538

The Group's management considered the business of petroleum and petrochemical products located in each country as a cash generation unit ("CGU").

A segment-level summary of the goodwill allocation is presented below.

	Consolidated financial statements			
	2016 and 2015			
	Thailand	Vietnam	Singapore	Total
Goodwill allocation (Million Baht)	1,174	227	137	1,538

### Impairment tests for goodwill

Goodwill arising from the acquisition of investment in the business of petroleum and petrochemical products in each country is tested annually for impairment by comparing the carrying amount to the recoverable amount for each cash-generating unit which is determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the



five-year period are extrapolated using the estimated growth rates stated below. The growth rate does not exceed the long-term average growth rate for the business in which the CGU operates.

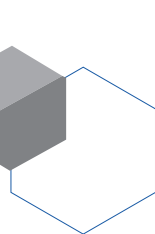
	Thailand	Vietnam	Singapore
Growth rate	4.18 %	5.22 %	2.10 %
Discount rate	12.19 %	10.38 %	9.32 %

If the assumptions used in the calculation on impairment tests for goodwill change, the business growth rate decreased by 1.0% per annum or discount rate increased by 1.0% per annum, there is still no impairment of goodwill.

## 15 Intangible assets, net

	Consolidated financial statements		
	2016		
	Customer relationship Million Baht	Computer software Million Baht	Total Million Baht
<b>As at 1 January</b>			
Cost	263	87	350
<u>Less</u> Accumulated amortisation	(92)	(77)	(169)
Net book amount	171	10	181
<b>For the year ended 31 December</b>			
Opening net book amount	171	10	181
Additions	-	1	1
Amortisation charge	(35)	(3)	(38)
Currency translation differences	(3)	-	(3)
Closing net book amount	133	8	141
<b>As at 31 December</b>			
Cost	255	84	339
<u>Less</u> Accumulated amortisation	(122)	(76)	(198)
Net book amount	133	8	141





Consolidated financial statements			
			2015
	Customer relationship Million Baht	Computer software Million Baht	Total Million Baht
<b>As at 1 January</b>			
Cost	283	85	368
<u>Less</u> Accumulated amortisation	(62)	(72)	(134)
Net book amount	221	13	234
<b>For the year ended 31 December</b>			
Opening net book amount	221	13	234
Additions	-	1	1
Amortisation charge	(36)	(4)	(40)
Currency translation differences	(14)	-	(14)
Closing net book amount	171	10	181
<b>As at 31 December</b>			
Cost	263	87	350
<u>Less</u> Accumulated amortisation	(92)	(77)	(169)
Net book amount	171	10	181
Separate financial statements			
		2016	2015
	Computer software Million Baht	Computer software Million Baht	
<b>As at 1 January</b>			
Cost	14	14	
<u>Less</u> Accumulated amortisation	(12)	(10)	
Net book amount	2	4	
<b>For the year ended 31 December</b>			
Opening net book amount	2	4	
Amortisation charge	(1)	(2)	
Closing net book amount	1	2	
<b>As at 31 December</b>			
Cost	14	14	
<u>Less</u> Accumulated amortisation	(13)	(12)	
Net book amount	1	2	



## 16 Deferred income taxes, net

The analysis of deferred tax assets and deferred tax liabilities are as follows:

	Consolidated financial statements		Separate financial statements	
	2016 Million Baht	2015 Million Baht	2016 Million Baht	2015 Million Baht
Deferred tax assets	422	360	-	-
Deferred tax liabilities	(378)	(416)	(88)	(110)
Deferred tax assets (liabilities), net	44	(56)	(88)	(110)

The gross movement and the deferred income tax account is as follows:

	Consolidated financial statements		Separate financial statements	
	2016 Million Baht	2015 Million Baht	2016 Million Baht	2015 Million Baht
<b>Deferred tax assets:</b>				
Deferred tax asset to be recovered within 12 months	63	20	25	1
Deferred tax asset to be recovered after more than 12 months	543	479	89	89
	606	499	114	90
<b>Deferred tax liabilities:</b>				
Deferred tax liability to be settled within 12 months	-	-	-	-
Deferred tax liability to be settled after more than 12 months	(562)	(555)	(202)	(200)
	(562)	(555)	(202)	(200)
Deferred tax assets (liabilities), net	44	(56)	(88)	(110)

The gross movement of the deferred income tax account is as follows:

	Consolidated financial statements		Separate financial statements	
	2016 Million Baht	2015 Million Baht	2016 Million Baht	2015 Million Baht
As at 1 January	(56)	(84)	(110)	(111)
(Charged)/credited to profit or loss (Note 30)	119	37	23	1
(Charged)/credited directly to other comprehensive income	(19)	(9)	(1)	-
As at 31 December	44	(56)	(88)	(110)

The movement in deferred tax assets and liabilities during the year 2016 and 2015, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

	Consolidated financial statements					
	Charged/credited to			Charged/credited to		
	As at 1 January 2015 Million Baht	Profit and loss Million Baht	Comprehensive income Million Baht	As at 31 December 2015 Million Baht	Profit and loss Million Baht	Comprehensive income Million Baht
						As at 31 December 2016 Million Baht
<b>Deferred tax assets</b>						
Allowance for doubtful accounts	4	1	-	5	-	5
Allowance for diminution in value of inventories	7	5	-	12	(12)	-
Provision for impairment of fixed assets	88	1	-	89	(9)	80
Employee benefit obligation	25	1	-	26	2	28
Remeasurements of post-employment benefit obligations	-	-	-	-	-	(1)
Unrealised gain on sales of goods/assets within the group	33	17	-	50	26	76
Tax loss carried forwards	216	47	-	263	102	365
Difference from purchase of assets from a business combination	52	-	-	52	-	52
under common control	50	(48)	-	2	(1)	1
Others						
<b>Deferred tax assets, gross</b>	<b>475</b>	<b>24</b>	<b>-</b>	<b>499</b>	<b>108</b>	<b>606</b>
<b>Deferred tax liabilities</b>						
Differences on depreciation	(160)	31	-	(129)	(19)	(148)
Fair value adjustments from business acquisition	(122)	(22)	-	(144)	9	(135)
Valuation surplus on land	(249)	-	-	(249)	-	(249)
Effect of currency translation on tax base	-	(23)	(9)	(32)	20	(30)
Others	(28)	27	-	(1)	1	-
<b>Deferred tax liabilities, gross</b>	<b>(559)</b>	<b>13</b>	<b>(9)</b>	<b>(555)</b>	<b>11</b>	<b>(562)</b>
<b>Deferred tax assets (liabilities), net</b>	<b>(84)</b>	<b>37</b>	<b>(9)</b>	<b>(56)</b>	<b>119</b>	<b>44</b>



The movement in deferred tax assets and liabilities during the year 2016 and 2015, is as follows:

	Separate financial statements					
	Charged/credited to			Charged/credited to		
	As at 1 January 2015 Million Baht	Profit and loss Million Baht	Comprehensive income Million Baht	As at 31 December 2015 Million Baht	Profit and loss Million Baht	Comprehensive income Million Baht
<b>Deferred tax assets</b>						
Allowance for doubtful accounts	1	-	-	1	-	-
Provision for impairment from investment of subsidiaries	23	2	-	25	(1)	-
Employee benefit obligation	9	1	-	10	1	-
Remeasurements of post-employment benefit obligations	-	-	-	-	-	(1)
Loss carried forwards	-	-	-	-	25	-
Difference from a business combination under common control	52	-	-	52	-	-
Others	2	-	-	2	-	-
<b>Deferred tax assets, gross</b>	87	3	-	90	25	(1)
<b>Deferred tax liabilities</b>						
Differences on depreciation	[8]	[2]	-	[10]	[2]	-
Valuation surplus on land	[190]	-	-	[190]	-	-
<b>Deferred tax liabilities, gross</b>	[198]	[2]	-	[200]	[2]	-
<b>Deferred tax assets (liabilities), net</b>	[111]	1	-	[110]	23	(1)

Deferred income tax assets are recognised for tax losses and carried forwards only to the extent that realisation of the related tax benefit through the future taxable profits is probable. The Group did not recognise deferred tax assets of Baht 99 million (2015: Baht 89 million) in respect of losses amounting to Baht 497 million (2015: Baht 779 million) that can be carried forward against future taxable income within 2019 to 2021.



## 17 Other non-current assets

As at 31 December	Consolidated financial statements		Separate financial statements	
	2016 Million Baht	2015 Million Baht	2016 Million Baht	2015 Million Baht
Accrued interest income on loans to subsidiaries (Note 33)	-	7	158	168
Deposits at bank used as collateral	18	18	-	-
Deposits	28	28	8	8
Corporate income tax refundable	60	59	59	59
Advance payments for purchases of equipment	102	189	97	132
Deposit for investment in joint ventures <sup>(1)</sup>	860	-	-	-
Deferred charge	14	22	-	-
Prepaid rental	477	542	52	59
Leasehold	66	88	-	-
Others	42	41	4	12
Other non-current assets	1,667	994	378	438

<sup>(1)</sup> On 18 July 2016, Siam Gas Power Pte. Ltd. ('SPW'), which is a subsidiary of the Company, entered into a share purchase agreement for investment in the combined cycle power plant in Myanmar, with a total consideration of USD 48 million or approximately Baht 1,688.16 million. The source of fund is from the net working capital of the Group and borrowing from financial institution. SPW has purchased shares of two companies which are MSN International Limited ('MSN') and Asiatech Energy Pte. Ltd. ('AEPL') at the same proportion of 30% of registered and paid up capital in each company, for the purpose of holding shares in the combined cycle power plant directly. The payment of investment is divided into two tranches: the first tranche, SPW paid USD 24 million or Baht 860 million to acquire 30% of registered and paid up capital shares in MSN and AEPL, which was paid on 29 July 2016, and the second tranche, SPW will pay the remaining amount to the seller when SPW is granted permission from the relevant authorities in Myanmar to hold shares in the combined cycle power plant directly, and become one of the investors in joint venture of the power plant. The second tranche expects to be completed in 2017.

If the direct holding of shares in the power plant is not successfully, SPW has the right to terminate the share purchase agreement and refund all payments as above. Therefore, the Group has recorded the payment as deposit for investment in joint ventures as of 31 December 2016.



## 18 Short-term loans from financial institutions, net

As at 31 December	Consolidated financial statements		Separate financial statements	
	2016 Million Baht	2015 Million Baht	2016 Million Baht	2015 Million Baht
Short-term loans from financial institutions	1,727	4,886	568	2,627

As at 31 December 2016, the Group and the Company have short-term promissory notes and trust receipts from local commercial banks amounting to Baht 1,727 million and Baht 568 million, respectively, bear interest rates at the range of 1.20% - 2.75% per annum and 1.95% - 2.75% per annum, respectively (2015: amounting to Baht 4,886 million and Baht 2,627 million bear interest rates at the range of 0.99% - 3.30% per annum and 1.71% - 3.30% per annum, respectively).

## 19 Trade and other payables

As at 31 December	Consolidated financial statements		Separate financial statements	
	2016 Million Baht	2015 Million Baht	2016 Million Baht	2015 Million Baht
Trade payables	2,707	2,828	420	395
Trade payables to related parties (Note 33)	-	-	36	42
Other payables	259	281	44	49
Other payables to related parties (Note 33)	5	2	21	54
Advance received from customers	419	283	-	-
Accrued interest	58	54	59	57
Accrued expenses	583	562	25	26
Trade and other payables	4,031	4,010	605	623

## 20 Long-term loans from financial institutions, net

As at 31 December	Consolidated financial statements		Separate financial statements	
	2016 Million Baht	2015 Million Baht	2016 Million Baht	2015 Million Baht
Current portion of long-term loans, net				
Thai Baht	187	101	-	-
US Dollar	302	196	148	-
<u>Less</u> Financing fee	(3)	(1)	(2)	-
	<u>486</u>	<u>296</u>	<u>146</u>	<u>-</u>
Long-term loans, net				
Thai Baht	378	183	-	-
US Dollar	512	189	378	-
<u>Less</u> Financing fee	(4)	(1)	(3)	-
	<u>886</u>	<u>371</u>	<u>375</u>	<u>-</u>
Total long-term loans, net	<u>1,372</u>	<u>667</u>	<u>521</u>	<u>-</u>

The movement of long-term loans from financial institutions during the year can be analysed as follows:

For the year ended 31 December	Consolidated financial statements		Separate financial statements	
	2016 Million Baht	2015 Million Baht	2016 Million Baht	2015 Million Baht
Opening balance	667	802	-	-
Additions	1,077	130	537	-
Repayments	(387)	(304)	(35)	-
Unrealised loss from exchange rate	12	7	19	-
Currency translation differences	3	32	-	-
Closing balance	<u>1,372</u>	<u>667</u>	<u>521</u>	<u>-</u>



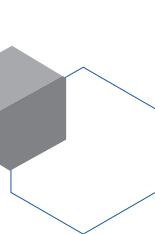
As at 31 December 2016 and 2015, the Group and the Company have long-term loans from local commercial banks as follows:

### The Company

Balance of loan, net (Million Baht)		Interest rate per annum	Repayment	Security
2016	2015			
521 USD 14.60 million)	-	LIBOR 3M+3.42%	Principal repayment of USD 1.00 million are made on quarterly basis and the remaining balance is repayable in the last instalment. The loan is due for full repayment by July 2019.	A Subsidiary

### Subsidiaries

Balance of loan, net (Million Baht)		Interest rate per annum	Repayment	Security
2016	2015			
127 (USD 3.54 million)	179 (USD 4.95 million)	4.45%	Principal repayment of USD 0.12 million are made on monthly basis and the remaining balance is repayable in the last instalment. The loan is due for full repayment by June 2019.	Vessel (Note 13) and also guaranteed by the Company
122 (USD 3.73 million)	161 (USD 4.91 million)	4.40%	Principal repayment of Baht 3.23 million are made on monthly basis and the remaining balance is repayable in the last instalment. The loan is due for full repayment by February 2020	
-	7	4.40%	Principal repayment of Baht 3.33 million are made on monthly basis and the remaining balance is repayable in the last instalment. The loan is due for full repayment by February 2016	
60 (USD 1.68 million)	76 (USD 2.10 million)	LIBOR 1M+3.00%	Principal repayment of USD 0.08 million are made on monthly basis and the remaining balance is repayable in the last instalment. The loan is due for full repayment by September 2018.	



Balance of loan, net (Million Baht)		Interest rate per annum	Repayment	Security
2016	2015			
-	10	MLR-1.00	Principal repayment of Baht 1.70 million are made on monthly basis and the remaining balance is repayable in the last instalment. The loan is due for full repayment by September 2016.	Vessel (Note 13) and also guaranteed by another subsidiary
-	12	MLR-1.00	The repayments of principal and interest totalling Baht 1.54 million are made on a monthly basis and the remaining balance is repayable in the last instalment. The loan is due for full repayment by April 2017.	Vessels (Note 13) and also guaranteed by the Company and another subsidiary
45	68	MLR-1.00	The repayments of principal and interest totalling Baht 2.20 million are made on a monthly basis and the remaining balance is repayable in the last instalment. The loan is due for full repayment by January 2018.	
15	25	MLR-1.00	Principal repayment of Baht 0.85 million are made on monthly basis and the remaining balance is repayable in the last instalment. The loan is due for full repayment by June 2018.	
7 (USD 0.18 million)	43 (USD 1.17 million)	LIBOR 3M+4.25%	Principal repayment of USD 0.25 million are made on quarterly basis and the remaining balance is repayable in the last instalment. The loan is due for full repayment by February 2017.	
17 (USD 0.48 million)	86 (USD 2.38 million)	LIBOR 3M+4.25%	Principal repayment of USD 0.48 million are made on quarterly basis and the remaining balance is repayable in the last instalment. The loan is due for full repayment by February 2017.	Vessels (Note 13) and also guaranteed by the Company and another subsidiary
77 (USD 2.17 million)	-	LIBOR 3M+3.10%	Principal repayment of USD 0.32 million are made on monthly basis and the remaining balance is repayable in the last instalment. The loan is due for full repayment by October 2019.	





Balance of loan, net (Million Baht)		Interest rate per annum	Repayment	Security
2016	2015			
79 (USD 2.22 million)	-	3.60%	Principal repayment of USD 0.04 million are made on monthly basis and the remaining balance is repayable in the last instalment. The loan is due for full repayment by February 2021.	Vessels (Note 13) and also guaranteed by the Company and another two subsidiaries
139 (USD 3.97 million)	-	3.60%	Principal repayment of USD 0.14 million are made on monthly basis and the remaining balance is repayable in the last instalment. The loan is due for full repayment by April 2019.	
163 (USD 4.71 million)	-	4.25%	Principal repayment of USD 0.08 million are made on monthly basis and the remaining balance is repayable in the last instalment. The loan is due for full repayment by September 2021.	

1,372      667

During the year 2016, the Group entered into the interest rate and cross currency swap contracts with the financial institutions, see note 35 for disclosure of the interest rate and cross currency swap contracts with the financial institutions as at 31 December 2016.

Under the terms and conditions as specified in the loan agreements, the subsidiary is not permitted to use pledged assets as collateral for other obligations without prior formal approval from the banks. The subsidiary has to comply with the conditions, including certain debt covenants as specified in the agreement.

The interest rate risk of long term loans of the Group are shown below:

As at 31 December	Consolidated financial statements		Separate financial statements	
	2016 Million Baht	2015 Million Baht	2016 Million Baht	2015 Million Baht
Long-term loans, net				
- at fixed rates	630	347	-	-
- at floating rates	742	320	521	-
Total long-term loans, net	<u>1,372</u>	<u>667</u>	<u>521</u>	<u>-</u>

As at 31 December 2016, the weighted average effective interest rate of the long-term loans of the Group was approximately 4.81% and 4.24% per annum respectively. (2015: 4.55% per annum for the Group).

Maturity of long-term loans is as follows:

As at 31 December	Consolidated financial statements		Separate financial statements	
	2016 Million Baht	2015 Million Baht	2016 Million Baht	2015 Million Baht
Within 1 year	486	296	146	-
Later than 1 year but not later than 5 years	886	371	375	-
Total long-term loans, net	1,372	667	521	-

#### Credit facilities

As at 31 December 2016, the Group has available unused credit facilities with commercial banks for letter of credit, trust receipt, cheque discounted, letter of guarantee, and forward contract, of Baht 24,375 million (2015: Baht 18,969 million).

## 21 Other current liabilities

As at 31 December	Consolidated financial statements		Separate financial statements	
	2016 Million Baht	2015 Million Baht	2016 Million Baht	2015 Million Baht
Tax payables	26	23	9	11
Withholding tax payable	5	4	-	-
Others	53	37	4	3
Other current liabilities	84	64	13	14



## 22 Bonds, net

As at 31 December	Consolidated financial statements		Separate financial statements	
	2016 Million Baht	2015 Million Baht	2016 Million Baht	2015 Million Baht
<b>Current portion of long-term bonds, net</b>				
Thai Baht	1,300	1,500	1,300	1,500
<b>Long-term bonds, net</b>				
Thai Baht	5,000	3,300	5,000	3,300
<u>Less</u> Deferred financing fees	(6)	(4)	(6)	(4)
	4,994	3,296	4,994	3,296
<b>Total bonds, net</b>	<b>6,294</b>	<b>4,796</b>	<b>6,294</b>	<b>4,796</b>

The movements of bonds can be analysed as follows:

### For the year ended 31 December 2016

	Consolidated financial statements Million baht	Separate financial statements Million Baht
Opening balance, net	4,796	4,796
Repayment	(1,500)	(1,500)
Issue of bond	3,000	3,000
Financing fee on issue of bond	(6)	(6)
Amortised financing fees	4	4
<b>Closing balance, net</b>	<b>6,294</b>	<b>6,294</b>

During the period from 28 January to 2 February 2016, the Company had proposed to issue and offer unsubordinated and unsecured debenture bond. The total value of debenture bond is Baht 3,000 million. The par value is equal to offering price at Baht 1,000 per unit. Interest is repayment every 3 months.

The bonds are rated at BBB (Stable) by TRIS. The details of the bond are as follows:

Type of bond	Fixed Interest rate
3 - years bond	4.3% per annum



The Company has successfully issued the bond of Baht 3,000 million to refinance the bond of Baht 1,500 million that was due in February 2016. Under the rights and responsibility of the issuer and the holders of bond, the Company has to comply with the conditions, including certain financial covenants.

Maturity of bonds is as follows:

As at 31 December	Consolidated financial statements		Separate financial statements	
	2016 Million Baht	2015 Million Baht	2016 Million Baht	2015 Million Baht
Within 1 year	1,300	1,500	1,300	1,500
Later than 1 year but not later than 5 years	4,994	3,296	4,994	3,296
Total bonds, net	6,294	4,796	6,294	4,796

## 23 Cylinder deposits

As at 31 December	Consolidated financial statements		Separate financial statements	
	2016 Million Baht	2015 Million Baht	2016 Million Baht	2015 Million Baht
Cylinder deposits	4,627	4,229	884	807

The Company has obligation for cylinder deposits which was transferred from the business acquisition of Siam Gas Industries Co., Ltd. on 27 April 2005 at net book value. The obligation will arise when customers return the cylinder together with original receipt in exchange for the deposit. Net book value of cylinder deposits of Baht 133 million was the remaining balance after being amortised over the useful life of cylinders until the date of the acquisition. If the Company had recognised the deposits at gross amount before amortisation, the Company may have additional cylinder deposits liabilities. However, the Company and management determine that the rate of deposits refund is very low based on the last five-year information (Note 34). The significant refund of deposits will occur when gas business operations significantly decline.



## 24 Employee benefit obligations

As at 31 December	Consolidated financial statements		Separate financial statements	
	2016 Million Baht	2015 Million Baht	2016 Million Baht	2015 Million Baht
Present value of obligations	145	134	53	50
Liability in the statement of financial position	145	134	53	50

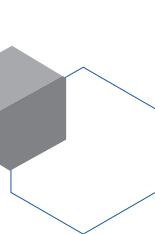
Movements in employee benefit obligations are as follows:

For the year ended 31 December	Consolidated financial statements		Separate financial statements	
	2016 Million Baht	2015 Million Baht	2016 Million Baht	2015 Million Baht
Opening balance	134	127	50	46
Current service costs	9	9	3	3
Interest costs	4	4	2	2
Remeasurements of post-employment benefit obligations	(1)	-	(1)	-
Benefit paid	(1)	(6)	(1)	(1)
Closing balance	145	134	53	50

Costs of employee benefits recognised in the statement of income are as follows:

For the year ended 31 December	Consolidated financial statements		Separate financial statements	
	2016 Million Baht	2015 Million Baht	2016 Million Baht	2015 Million Baht
Current service costs	9	9	3	3
Interest costs	4	4	2	2
Total	13	13	5	5





The amounts recognised in cost of sales and services and administrative expenses are as follows:

For the year ended 31 December	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	Million Baht	Million Baht	Million Baht	Million Baht
Cost of sales and services	7	4	2	2
Administrative expenses	6	9	3	3
Total	13	13	5	5

The principal actuarial assumptions used were as follows:

	2016	2015
Discount rate	3.1%	4.2%
Salary increase rate	4.5 - 7%	5 - 7
Turnover rate	0.0 - 35%	0.0 - 22%

	Impact on defined benefit obligation					
	Change in assumption		Increase in assumption		Decrease in assumption	
	2016	2015	2016	2015	2016	2015
Discount rate	1%	1%	Decrease by 7.54%	Decrease by 8.74%	Increase by 8.57%	Increase by 10.07%
Salary increase rate	1%	1%	Increase by 8.81%	Increase by 11.90%	Decrease by 7.90%	Decrease by 10.42%
Turnover rate	20%	20%	Decrease by 8.18%	Decrease by 8.59%	Increase by 9.94%	Increase by 10.23%

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension liability recognised within the statement of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not significantly change compared to the previous period.





## 25 Share capital

	Number of share Million shares	Ordinary share Million Baht	Share premium Million Baht	Total Million Baht
As at 1 January 2015	919	919	1,875	2,794
Issue of ordinary shares	-	-	-	-
As at 31 December 2015	919	919	1,875	2,794
Issue of ordinary shares	-	-	-	-
As at 31 December 2016	919	919	1,875	2,794

As at 31 December 2016, total authorised number of shares was 919 million shares with a par value of Baht 1 per share (2015: 919 million shares with a par value of Baht 1 per share). All 919 million shares were issued and fully paid-up with the share premium of Baht 1,875 million.

## 26 Dividends paid

### The Company

On 10 August 2016, at the Board of Directors' meeting of the Company, the board passed a resolution to approve the payment of interim dividends from operating results for the six-month period ended 30 June 2016 at Baht 0.15 per share, for 919 million shares, totalling Baht 137.84 million. The interim dividends had already been paid to the shareholders on 8 September 2016.

On 21 April 2016, at the Annual General Shareholders' meeting of the Company, the shareholders passed a resolution to approve the payment of dividend for the year 2015 amounting to Baht 0.50 per share, totalling Baht 459.47 million, inclusive of interim dividends for the first six months 2015 amounting to Baht 0.20 per share, totalling Baht 183.79 million. The interim dividends had already been paid on 3 September 2015. The remaining dividends of Baht 0.30 per share, totalling Baht 275.68 million, had already been paid to the shareholders on 17 May 2016.

### The Subsidiaries

On 10 August 2016, at the Board of Directors' meeting of Unique Gas and Petrochemical Public Company Limited, the board passed a resolution to approve the payment of interim dividends from retained earnings and operating results for the six-month period ended 30 June 2016 at Baht 25.00 per share, for 10.50 million shares, totalling Baht 262.50 million. The interim dividends had already been paid to the shareholders on 5 September 2016.

On 19 April 2016, at the Annual General Shareholders' meeting of Unique Gas and Petrochemical Public Company Limited, the shareholders passed a resolution to approve dividend payment for the year 2015 from opening retained earnings and the operating results for the year ended 31 December 2015 in an amount of Baht 55.00 per share, for 10.50 million shares, totalling Baht 577.50 million, inclusive of interim dividends amounting to Baht 30.00 per share, totalling Baht 315.00 million. The interim dividends had already been paid on 1 September 2015. The remaining dividends of Baht 262.50 million, had already been paid to the shareholders on 11 May 2016.

On 29 March 2016, at the Board of Directors' meeting of MyGaz Sdn. Bhd., the board passed a resolution to approve the payment of interim dividends from retained earnings at MYR 1.00 per share or Baht 8.71 per share, for 12.00 million shares, totalling MYR 12.00 million or Baht 104.48 million. The Company recognised the dividend income in the separate statement of income amounting to MYR 8.40 million or Baht 73.14 million. The remaining dividends of MYR 3.60 million or Baht 31.35 million were dividend of non-controlling interests. The interim dividends had been paid in May and July 2016.

## 27 Legal reserve

Under the Public Companies Act, the Company is required to set aside as a statutory reserve at least 5% of its net profit after deficit brought forward (if any) until the reserve is not less than 10% of the registered capital. Dividend cannot be paid out of the legal reserve.

Under the provision of the Civil and Commercial Code of Thailand, the subsidiary companies in Thailand are required to set aside as a legal reserve at least 5% of their net profit each time a dividend is declared until the reserve reaches 10% of registered capital, such reserve is not available for dividend distribution until the company is finally wound up.

## 28 Other income

For the year ended 31 December	Consolidated financial statements		Separate financial statements	
	2016 Million Baht	2015 Million Baht	2016 Million Baht	2015 Million Baht
Rental income	24	22	24	22
Interest income	20	26	71	85
Gain on disposals of property, plant and equipment and investment property	3	41	1	43
Gain on exchange rates	-	-	-	118
Others	163	163	63	54
<b>Other income</b>	<b>210</b>	<b>252</b>	<b>159</b>	<b>322</b>



## 29 Expenses by nature

For the year ended 31 December	Consolidated financial statements		Separate financial statements	
	2016 Million Baht	2015 Million Baht	2016 Million Baht	2015 Million Baht
Depreciation and amortisation expenses	1,176	1,076	87	98
Staff costs	1,185	1,200	282	292
Directors' and key management's remuneration	55	58	31	33
Impairment charge on investment in subsidiaries	-	-	-	11
Loss on exchange rates	60	174	35	-

## 30 Income tax

For the year ended 31 December	Consolidated financial statements		Separate financial statements	
	2016 Million Baht	2015 Million Baht	2016 Million Baht	2015 Million Baht
Current tax	226	262	-	60
Deferred tax (Note 16)	(119)	(37)	(23)	(1)
<b>Total tax expense</b>	<b>107</b>	<b>225</b>	<b>(23)</b>	<b>59</b>

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

For the year ended 31 December	Consolidated financial statements		Separate financial statements	
	2016 Million Baht	2015 Million Baht	2016 Million Baht	2015 Million Baht
Profit before tax	1,272	1,367	431	1,037
Tax calculated at a tax rate of 10% - 25% (2015: 10% - 25%)	255	470	86	207
Tax effect of:				
Income not subject to tax	(135)	(200)	(120)	(159)
Expenses not deductible for tax purpose	18	43	10	11
Utilisation of previously unrecognised tax losses	(72)	(51)	-	-
Tax losses for which no deferred income tax asset was recognised	108	23	-	-
Others	(67)	(60)	1	-
<b>Tax charge</b>	<b>107</b>	<b>225</b>	<b>(23)</b>	<b>59</b>

## 31 Earnings per share

Basic earnings per share attributable to equity holders of the parent is calculated by dividing the net profit for the year attributable to equity holders of the parent by the weighted average number of ordinary shares issued during the year.

For the year ended 31 December	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Net profit for the period attributable to the parent company (Million Baht)	1,119	1,116	454	978
Weighted average number of ordinary shares after deduction of treasury stock (Million Shares)	919	919	919	919
Basic earnings per share (Baht/Share)	1.22	1.21	0.49	1.06

There are no potential dilutive ordinary shares in issue during the year.

## 32 Other components of equity

**Opening balance - 1 January 2016**  
Total comprehensive expense for the year

**Closing balance - 31 December 2016**

**Opening balance - 1 January 2015**  
Total comprehensive income for the year

**Closing balance - 31 December 2015**

Consolidated financial statements				
Revaluation surplus on land Million Baht	Difference from purchase of assets from a business combination under common control Million Baht	Difference from taking equity of a business combination under common control Million Baht	Currency translation differences Million Baht	Total other component of equity Million Baht
969	(609)	22	826 (686)	1,208 (686)
-	-	-	-	-
969	(609)	22	140	522
969	(609)	22	176 650	558 650
-	-	-	-	-
969	(609)	22	826	1,208

Separate financial statements			
Revaluation surplus on land Million Baht	Difference from purchase of assets from a business combination under common control Million Baht	Component of equity Million Baht	Total other component of equity Million Baht
757	(609)	-	148
-	-	-	-
757	(609)	-	148
757	(609)	-	148
-	-	-	-
757	(609)	-	148

**Opening balance - 1 January 2016**  
Total comprehensive income for the year

**Closing balance - 31 December 2016**

**Opening balance - 1 January 2015**  
Total comprehensive income for the year

**Closing balance - 31 December 2015**



### 33 Related party transactions

As at 31 December 2016, the major shareholders of the Company are shareholders in Weeraborwornpong family, which own 61.25% of the Company's share capital.

Details of subsidiaries and joint ventures are presented in Note 12.

The significant related party transactions are as follows:

#### i) Outstanding balances arising from sales and purchases of goods/services

As at 31 December	Consolidated financial statements		Separate financial statements	
	2016 Million Baht	2015 Million Baht	2016 Million Baht	2015 Million Baht
<b>Trade accounts receivable</b>				
Subsidiaries	-	-	18	19
Joint ventures	46	52	-	-
Other related parties - the same shareholders and directors	3	4	1	1
<b>Total</b>	<b>49</b>	<b>56</b>	<b>19</b>	<b>20</b>
<b>Other receivables</b>				
Subsidiaries	-	-	89	-
<b>Cylinder deposits</b>				
Subsidiaries	-	-	2	2
<b>Deposits for building</b>				
Other related parties - the same shareholders and directors	7	9	3	3
<b>Prepayment for building</b>				
Other related parties - the same shareholders and directors	76	121	31	49
<b>Trade accounts payable</b>				
Subsidiaries	-	-	36	42
<b>Other payables</b>				
Subsidiaries	-	-	19	53
Other related parties - the same shareholders and directors	5	2	2	1
<b>Total</b>	<b>5</b>	<b>2</b>	<b>21</b>	<b>54</b>





## ii) Loans from/to related parties

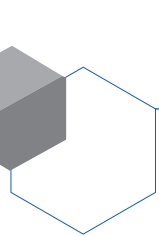
### Long-term loans to related parties

As at 31 December	Consolidated financial statements		Separate financial statements	
	2016 Million Baht	2015 Million Baht	2016 Million Baht	2015 Million Baht
<b>Long-term loans to related parties</b>				
Subsidiaries	-	-	1,784	2,628
Joint ventures	37	44	37	44
<b>Total</b>	<b>37</b>	<b>44</b>	<b>1,821</b>	<b>2,672</b>
<b>Accrued interest income</b>				
Current portion - Subsidiaries	-	-	8	-
Non current portion				
- Subsidiaries	-	-	158	161
- Joint ventures	-	7	-	7
	-	7	158	168
<b>Total</b>	<b>-</b>	<b>7</b>	<b>166</b>	<b>168</b>

The movement of long-term loans to related parties can be analysed as follows:

For the year ended 31 December	Consolidated financial statements		Separate financial statements	
	2016 Million Baht	2015 Million Baht	2016 Million Baht	2015 Million Baht
Opening balance	44	110	2,672	1,609
Additions	-	-	70	1,438
Proceeds	(6)	(70)	(859)	(453)
Unrealised gain(loss) on exchange rates	(1)	4	(62)	78
<b>Closing balance</b>	<b>37</b>	<b>44</b>	<b>1,821</b>	<b>2,672</b>





As at 31 December 2016, the details of long-term loans to subsidiaries and joint ventures are as follows:

- Interest rate of 5.45% per annum (2015: 6.15% per annum) is charged for a loan of Baht 446.48 million (2015: Baht 376.47 million). The loan is due for repayment in 2024.
- Interest rate of 5.45% per annum (2015: 6.15% per annum) is charged for a loan of Baht 24 million (2015: Baht 36.00 million). The loan is due for repayment in 2024.
- Interest rate of average MLR rate for three Thai commercial banks plus 0.50% per annum (2015: 0.50% per annum) is charged for a loan of Baht 356.54 million (2015: Baht 371.54 million). The loan is due when the subsidiary has sufficient working capital.
- Interest rate of 5.45% per annum (2015: 6.15% per annum) is charged for a loan of Baht 25.67 million or USD 0.72 million (2015: Baht 35.92 million or USD 1.00 million). The loan is due for repayment in 2020.
- Interest rate of 5.45% per annum (2015: 6.15% per annum) is charged for a loan of Baht 363.41 million or USD 10.19 million (2015: Baht 512.75 million or USD 14.27 million). The loan is due for repayment in 2020.
- Interest rate of 5.45% per annum (2015: 6.15% per annum) is charged for a loan of Baht 32.09 million or USD 0.90 million (2015: Baht 39.29 million or USD 1.09 million). The loan is due for repayment in 2020.
- Interest rate of 5.45% per annum (2015: 6.15% per annum) is charged for loans of Baht 4.50 million (2015: Baht 4.50 million). The loan is due for repayment in 2020.
- Interest rate of 2.45% per annum (2015: 2.21% per annum) is charged for a loan of Baht 568.76 million or USD 15.95 million (2015: Baht 1,295.03 million or USD 36.05 million). The loan is due for repayment in 2020.



## Long-term loans from related parties

As at 31 December	Consolidated financial statements		Separate financial statements	
	2016 Million Baht	2015 Million Baht	2016 Million Baht	2015 Million Baht
<b>Long-term loans from related parties</b>				
Subsidiaries	-	-	534	570
Other related parties - the same shareholders and directors	3	3	-	-
<b>Total</b>	<b>3</b>	<b>3</b>	<b>534</b>	<b>570</b>
<b>Accrued interest expenses</b>				
Subsidiaries	-	-	1	4

The movement of long-term loans from related parties can be analysed as follows:

For the year ended 31 December	Consolidated financial statements		Separate financial statements	
	2016 Million Baht	2015 Million Baht	2016 Million Baht	2015 Million Baht
Opening balance	3	3	570	1,020
Additions	-	-	490	470
Repayments	-	-	(526)	(920)
<b>Closing balance</b>	<b>3</b>	<b>3</b>	<b>534</b>	<b>570</b>

As at 31 December 2016, the details of long-term loans from 2 subsidiaries are as follows:

- Interest rate of average fixed deposit interest rate of four Thai commercial banks plus 0.50% per annum (2015: plus 0.50% per annum) is charged for a loan of Baht 470 million (2015: Baht 500 million). The loan is due for payment in 2020.
- Interest rate of 1.75% per annum (2015: 1.75% per annum) is charged for a loan of Baht 64 million (2015: Baht 70 million). The loan is due for payment in 2024.

As at 31 December 2016, the Group has loan from director of Baht 3 million with no interest. The loan is due when the subsidiary has sufficient working capital.



### iii) Revenues from sales of goods and services, interest income and other income

For the year ended 31 December	Consolidated financial statements		Separate financial statements	
	2016 Million Baht	2015 Million Baht	2016 Million Baht	2015 Million Baht
<b>Sales of gas</b>				
Subsidiaries	-	-	24	501
Joint ventures	339	324	-	-
Other related parties - the same shareholders and directors	12	14	6	7
<b>Total</b>	<b>351</b>	<b>338</b>	<b>30</b>	<b>508</b>
<b>Wharfing service income</b>				
Subsidiaries	-	-	40	39
<b>Interest income</b>				
Subsidiaries	-	-	68	78
Joint ventures	2	6	2	6
<b>Total</b>	<b>2</b>	<b>6</b>	<b>70</b>	<b>84</b>
<b>Other income</b>				
Subsidiaries	-	-	69	62
<b>Dividend income</b>				
Subsidiaries	-	-	596	795



#### iv) Purchases of goods and services and interest expenses

For the year ended 31 December	Consolidated financial statements		Separate financial statements	
	2016 Million Baht	2015 Million Baht	2016 Million Baht	2015 Million Baht
<b>Purchase of goods</b>				
Subsidiaries	-	-	3	3
<b>Purchase of property and equipment</b>				
Subsidiaries	-	-	56	58
<b>Transportation expenses</b>				
Subsidiaries	-	-	232	221
<b>Wharfing expenses</b>				
Subsidiaries	-	-	19	14
<b>Rental expenses</b>				
Subsidiaries	-	-	3	3
Other related parties - the same shareholders and directors	30	32	12	12
<b>Total</b>	<b>30</b>	<b>32</b>	<b>15</b>	<b>15</b>
<b>Interest expenses</b>				
Subsidiaries	-	-	10	14
<b>Other expenses</b>				
Subsidiaries	-	-	7	8
Other related parties - the same shareholders and directors	40	34	19	15
<b>Total</b>	<b>40</b>	<b>34</b>	<b>26</b>	<b>23</b>

#### v) Directors' and key management remunerations

For the year ended 31 December	Consolidated financial statements		Separate financial statements	
	2016 Million Baht	2015 Million Baht	2016 Million Baht	2015 Million Baht
Short-term employee benefits	54	57	31	33
Post-employment benefits	1	1	-	-
<b>Total</b>	<b>55</b>	<b>58</b>	<b>31</b>	<b>33</b>





## 34 Commitments and contingent liabilities

### a) Contingent liabilities

On 19 June 2011, the Revenue Department issued a notice of value added tax underpayment, including penalty and surcharge, for the period from October to December 2010 totalling Baht 8.85 million to a subsidiary. The assessment was issued because the subsidiary did not pay value added tax on transportation service income arising from time charter party contracts. The Revenue Department deemed that this service is classified as property rental, not transportation which is exempt from value added tax.

On 19 July 2011, the subsidiary appealed the assessment to the Administrative Appeal Committee of the Revenue Department. On 18 November 2014, the Administrative Appeal Committee issued a judgement agreeing with the Revenue Department's assessment. The subsidiary paid the value added tax assessment including penalty and surcharge in March 2015 in accordance with the Administrative Appeal Committee's assessment. However, this payment did not mean that the subsidiary accepted the assessment.

On 26 March 2015, the subsidiary filed a petition to the Central Tax Court to withdraw the judgment. On 25 May 2016, the Central Tax Court judged for the Revenue Department to return value added tax and a penalty and surcharge totalling Baht 5,539,038 with interest rate at 7.5% per annum since 12 March 2015 until fully settlement to the subsidiary. The Revenue Department also has to correct the assessment on value added tax and the assessment of the Administrative Appeal Committee in relation to service income arising from time charter party contracts. The Revenue Department filed the appeal to the Central Tax Court on 19 August 2016. However, the subsidiary filed the defending to the Central Tax Court on 2 December 2016. The Central Tax Court accepted the defending from the subsidiary and processed the appeal and the defending of both parties to the Supreme Court. The final judgement will be made by the Supreme Court.

As a result of the judgement by the Central Tax Court, the Group's management considers that if the case is appealed to the Supreme Court, the outcome will be favourable to the Group. Therefore, the Group didn't recognise the expense and contingent liability relating to the value added tax, penalty and surcharge on service income arising from the time charter party contracts from 2011 to date. As at 31 December 2016, the case is currently being reviewed by the Supreme Court.





## b) Letter of guarantee

As at 31 December 2016 and 2015, the Group and the Company have bank guarantees issued on its behalf as follows:

As at 31 December	Consolidated financial statements		Separate financial statements	
	2016 Million Baht	2015 Million Baht	2016 Million Baht	2015 Million Baht
Letter of guarantee	2,310	2,291	921	867
Letter of credit	2,313	2,162	-	36

The Group has available credit facilities with commercial banks for letter of credit, trust receipt, cheque discounted, letter of guarantee, forward contract. Credit facilities are secured by the subsidiaries and personal guarantees by the Company's directors.

## c) Operating lease commitments

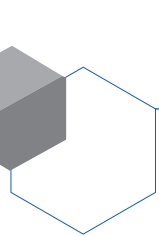
The Group and the Company have commitments from long-term land, building and equipment lease agreements as follows:

As at 31 December	Consolidated financial statements		Separate financial statements	
	2016 Million Baht	2015 Million Baht	2016 Million Baht	2015 Million Baht
Within 1 year	59	106	17	19
During 2 - 5 years	130	325	61	78
Later than 5 years	284	1,304	102	105
Total	473	1,735	180	202

## d) Capital commitments

The Group and the Company have capital commitments at the statements of financial position date but not recognised in the financial statements as follows:

As at 31 December	Consolidated financial statements		Separate financial statements	
	2016 Million Baht	2015 Million Baht	2016 Million Baht	2015 Million Baht
Property, plant and equipment	1,031	511	597	498



### e) Contingent liabilities from cylinder deposits

During the year 2004, the Company had entered into the Asset Purchase agreement with Siam Gas Industries Co., Ltd. On 27 April 2005, the Company has entered into cylinder deposit repayment agreement with Siam Gas Industries Co., Ltd. According to the agreement, Siam Gas Industries Co., Ltd. agrees to pay cylinder deposits to customer who has deposit receipts prior to the date of the Asset Sales and Purchase agreement, if aggregated refunds to customers are in excess of the amount specified in the Asset Sales and Purchase agreement. However, Siam Gas Industries Co., Ltd. has currently ceased the operation, and please see Note 23 in relation to contingent liabilities from cylinder deposits.

## 35 Financial instruments

### Interest rate and cross currency swap contracts

The interest rate and cross currency swap contracts are entered to manage the exposure on fluctuation in interest rates and foreign currency exchange rate on specific transaction. The Group has the interest rate and cross currency swap contracts with financial institutions as at 31 December 2016 as follows:

#### The Company

Interests at LIBOR 3M+3.42% per annum of long-term loans of USD 29.20 million are converted to fixed interests at 4.60% per annum. This contract is effective for a period from 27 January 2017 to 26 July 2019.

#### Subsidiary

Long-term loans of USD 3.54 million or Baht 127.31 million bearing interests at LIBOR+3.00% per annum are converted to fixed interests at 4.45% per annum. This contract is effective for a period from 18 February 2015 to 28 June 2019.

Long-term loans of Baht 122.77 million bearing interest rate at 4.62% per annum are converted to long-term loans of USD 3.73 million bearing fixed interest rate at 4.40% per annum. This contract is effective for a period from 8 January 2015 to 29 February 2020.

Long-term loans of Baht 79.17 million bearing interest rate at 3.00% per annum are converted to long-term loans of USD 2.22 million bearing fixed interest rate at 3.60% per annum. This contract is effective for a period from 16 February 2016 to 28 February 2021.





Long-term loans of Baht 139.55 million bearing interest rate at 3.00% per annum are converted to long-term loans of USD 3.97 million bearing fixed interest rate at 3.60% per annum. This contract is effective for a period from 27 April 2016 to 30 April 2019.

Long-term loans of Baht 163.40 million bearing interest rate at 2.57% per annum are converted to long-term loans of USD 4.71 million bearing fixed interest rate at 4.25% per annum. This contract is effective for a period from 26 September 2016 to 30 April 2021.

## Fair value

The fair values of the financial instruments that the Group has not recognised in the statements of financial position are as follows:

As at 31 December	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	Million Baht	Million Baht	Million Baht	Million Baht
Forward foreign exchange contracts - assets (liabilities)	-	10	-	-
Interest rate and cross currency swap contracts - assets (liabilities)	(21)	(19)	8	-

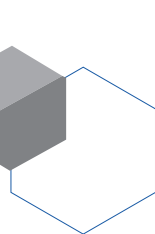
The fair values of forward foreign exchange contracts and interest rate and cross currency swap contracts were calculated using the rates quoted by the Group's bankers which were based on market conditions existing at the statement of financial position date, and are within level 2 of the fair value hierarchy.

## 36 Events after the reporting date

### a) Dividend payment

#### The Company

On 22 February 2017, at the Board of Directors' meeting of the Company, the board passed a resolution to propose the payment of dividends from retained earnings and operating results for the year 2016 amounting to Baht 0.50 per share, totalling Baht 459.47 million, inclusive of interim dividends for the first six months of 2016. The Company had already paid interim dividend for the operating result for the six-month period of the year 2016 amounting to Baht 0.15 per share,



totalling Baht 137.84 million on 8 September 2016. The board will propose the shareholders at their meeting to get an approval for dividend payment.

### Subsidiary

On 22 February 2017, at the Board of Directors' meeting of Unique Gas and Petrochemical Public Company Limited, the board passed a resolution to propose dividend payment for the year 2016 in an amount of Baht 55.00 per share, totalling Baht 577.50 million, inclusive of interim dividends from retained earnings and operating results for the six-month period of the year 2016, amounting to Baht 25.00 per share, totalling Baht 262.50 million. The interim dividends had already been paid on 5 September 2016. The remaining dividend of Baht 315.00 million will be paid in May 2017. The board will propose to the shareholders at their meeting to get an approval for dividend payment.

## b) Issue of bond

During the period from 23-25 January 2017, the Company had proposed to issue and offer unsubordinated and unsecured debenture bond. Total value of debenture bond is Baht 2,000 million. The par value is equal to offering price at Baht 1,000 per unit. Interest is repayment every 3 months.

The bonds are rated at BBB (Stable) by TRIS. The details of the bond are as follows:

Type of bond	Fixed Interest rate
3-year bond	3.95% per annum

The Company has successfully issued the bond of Baht 2,000 million and already used the proceeds from the bond to repay another bond of Baht 1,300 million due in January 2017. Under the rights and responsibility of the issuer and the holders of bond, the Company has to comply with the conditions, including certain financial covenants.

## c) Increase in share capital of Siam Gas Power Pte. Ltd.

On 22 February 2017, at the Board of Directors' meeting of the Company, the board passed a resolution to approve an increase in share capital of Siam Gas Power Pte. Ltd, incorporated in Singapore with 24.00 million shares at par value of USD 1 each or approximately Baht 859.94 million. The number of shares increased from 24.01 million shares to 48.01 million shares (with a par value of USD 1 each). As a result, the Company's ownership interest remains unchanged at 100%.





**d) Sale of investment in Far East Petroleum Sdn. Bhd.**

On 23 January 2017, the Company entered into the share sales agreement in Far East Petroleum Sdn. Bhd. with third parties in the portion of 30% for 3.00 million shares at a par value of MYR 1.00 each, totalling MYR 3.00 million (approximately Baht 23.97 million). Currently, the shares transfer is still in the process and is expected to be completed in the first quarter 2017. As a result, the Company's ownership interest will decrease from 100.00% to 70.00% and Far East Petroleum Sdn. Bhd. still remains a subsidiary of the Group.

**e) Borrowing from financial institution for dry-docking**

On 13 January 2017, a subsidiary entered into long-term loan contract with a local commercial bank for dry-docking amounting to Baht 143.00 million with interest rate at 4.25% per annum. The principal repayment THB 3.97 million is made on monthly basis and the total repayment is due within 3 years from the first installment.



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