



- TRANSLATION -

No. Por 003/62

27 February 2019

Subject : Submit the Financial Statements and Management Discussion and Analysis

To : Managing Director

The Stock Exchange of Thailand

Attached document : 1 Copy of The Report and Consolidated financial statements

We would like to submit the auditor's report and annual audited financial statements as of 31 December 2018 compared with those of the same period of last year.

The operating results of our company and its subsidiaries of the year 2018 show a net profit of Baht 1,481.78 million attributable to equity holders of the company, calculated under the equity method in the consolidated income statement. Such net profit is increase Baht 137.65 million or 10.24 percent when compared to last year's figure of Baht 1,344.13 million. The main reasons for the difference were as follows:

1. Sales and service income increased by Baht 267.27 million, when compared with last year, due to increases in income from the energy business and hotel business.
  - 1.1 Sales and service income from the energy business in China increased due to an increase in production capacity in the year 2018 and also continuous improvement in the technology of machinery and equipment for the past 2 years. As a result of the gross profit margin increase.
  - 1.2 During the year 2017, the hotel business carried out room renovations and suspended some operations, resulting in lower sales and service income. When the hotel returned to normal operating capacity in the year 2018, sales and service income increased, and gross profit margin also increased.

These factors caused the amount of gross profit to increase by Baht 226.19 million.

2. There was a decrease in dividends received of Baht 105.49 million, mainly due to lower dividends from investments in local energy business because, during the year 2018, the mentioned Company in energy business has planned maintenance expenses for power plant.
3. Gains on disposals of investments in the year 2018 increased by Baht 100.52 million from last year which the gains were from disposals of short-term investments of overseas subsidiaries which is principally engaged in investment, while in the year 2017, it was a gain of Baht 43.11 million on disposal of investment in Zhejiang-Union Property Co., Ltd. (associated company) in China, which is principally engaged in real estate business.



4. The unrealised gains (losses) from revaluation of trading securities were from the marking of trading securities of overseas subsidiaries to market at the end of the year, in accordance with accounting standards. As at 31 December 2018, there were unrealised losses from revaluation of trading securities amounting to Baht 97.82 million, while last year there were unrealised gains from revaluation of investments amounting to Baht 141.65 million. This revaluation of investments seems to have caused profit of this year to decrease by Baht 239.47 million when compared to last year.
5. Administrative expenses of the year 2018 increased by Baht 81.50 million from the year 2017 mainly due to an increase of Baht 38.70 million in the Chinese subsidiaries' losses on write-offs of nonfunctioning property, plant and equipment which is a result of production technology improvement. This factor relevant to the increase of sale revenue as mentioned in No. 1. Moreover, there were the contracted professional fees related to local professional service of two subsidiaries in order to improve the operations amounting to Baht 17.63 million.
6. Share of profit from investments in joint ventures increased by Baht 143.27 million mainly due to the Company increasingly recognized the share of profit of power plant by percentage of shareholding in Shaoxing Shangyu Hangzhou-Union Cogeneration Co., Ltd. Amounting to Baht 27.66 million which is a result from an increase in production capacity. In addition, the Company suspended share of losses from investments in Yunnan Energy Luliang-Union Cogeneration Co., Ltd., which is principally engaged in energy business in China, because the Company fully set up aside provision for impairment of investments since 2017 as previous disclosure. During the year 2017, the Company had share of losses from this investment totaling Baht 84.68 million. These transactions seem to have caused share of profit from energy business in China of this year to increase by Baht 112.34 million when compared to last year. The remaining was increased from share of profit from local business by Baht 30.93 million
7. Share of profit from associated companies increased by Baht 140.93 million. This amount represents the share of profit from one of the associated companies in investments business since this associated company had increased gains on disposals of investments.
8. Corporate income tax expenses increased by Baht 40.49 million in line with the increase in profit.

There were insignificant changes in other transactions.

Please be informed accordingly.

Yours faithfully

- Signature-

(Mrs. Chantornree Darakananda)

President