



บริษัท เซเว่น ยูทิลิตี้ส์ แอนด์ พาวเวอร์ จำกัด (มหาชน)

ANNUAL REPORT 2019

รายงานประจำปี 2562

“LIGHT UP YOUR LIFE”



จุดความมั่งคั่งให้ชีวิตของคุณ

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Financial Highlights



Total Assets (MB)

| | |
|------|-------|
| 2560 | 1,768 |
| 2561 | 1,965 |
| 2562 | 2,265 |



Total Liabilities (MB)

| | |
|------|-----|
| 2560 | 616 |
| 2561 | 572 |
| 2562 | 671 |



Total Shareholders' Equity (MB)

| | |
|------|-------|
| 2560 | 1,151 |
| 2561 | 1,393 |
| 2562 | 1,594 |



Total Revenues (MB)

| | |
|------|-------|
| 2560 | 626 |
| 2561 | 720 |
| 2562 | 1,139 |



Net Profit (Loss) (MB)

| | |
|------|------|
| 2560 | -209 |
| 2561 | -81 |
| 2562 | 87 |



Operating Profit (Loss) Ratio

| | |
|------|----------|
| 2560 | -37.98 % |
| 2561 | -11.08 % |
| 2562 | 12.56 % |



Return on Equity

| | |
|------|----------|
| 2560 | -20.12 % |
| 2561 | -6.37 % |
| 2562 | 5.86 % |



Return on Assets

| | |
|------|----------|
| 2560 | -13.77 % |
| 2561 | -4.34 % |
| 2562 | 4.14 % |



Message from Chairman



In the past year, Seven Utilities and Power Public Company Limited has adjusted and changed operations in many systems, focusing on the 5 main business groups which are Group of gas and petrol service stations business, Group of telecommunications and Internet of Things (IoT) business, Group of renewable energy business, Group of Utilities business and Group of the industrial waste disposal business. In which the company has prepared both strategies, personnel and resources, in order to proceed according to the plan and adhering to the spirit of conducting business sustainably under ethics along with good corporate governance.

Year 2019 is considered a challenging time for the company, due to the continuous negative performance, the company operates until it can turn positive results. The company is still committed to continuous development in the operation. By 2020, the company has plans to invest in order to expand business competitiveness and also looking for opportunities and business channels that will help extend the current operations.

On behalf of the Board of Directors of Seven Utilities and Power Public Company Limited, we would like to thank the shareholders, customers, business partners, business alliances, financial institution, all relevant public and private agencies which has provided great support to the company as well as the management and employees of the company that is devoted to lead the company forward and we would like to assure you that the company will continue to strive to conduct business in accordance with the principles of ethics and good corporate governance in order to move forward steadily forever.

A handwritten signature in blue ink, appearing to read 'Sita Divari'.

Squadron Leader Sita Divari
Chairman of the Board of Directors

Report of Audit Committee

The audit committee of Seven Utilities and Power Public Company Limited consists of 3 independent directors, appointed by the Board of Directors, which has all attributes with regard to the requirements of The Stock Exchange of Thailand and The Securities and Exchange Commission, Thailand.

- | | |
|-------------------------------|---------------------------------|
| 1. Mr. Torphong Chaiyasarn | Chairman of the Audit Committee |
| 2. Mr. Preecha Laohapongchana | Audit Committee |
| 3. Mr. Ekatiip Tippavang | Audit Committee |

In the past year, the audit committee performed its assigned duties with sufficient independence. There are 4 audit committee meetings. In each meeting, the company's top executives attended the meeting to explain relevant facts as well as invited the certified auditor to clarify the facts of the audit report including discussions about the audit plan and ways to improve the internal control system to be more efficient. At the audit committee meeting in the past year, important operations can be summarized as follows :

1. A Financial Audit

The audit committee have reviewed the financial reports to ensure that they are correct and sufficient for both the separate financial statements and the consolidated financial statements. In addition, the audit committee also met with the company's certified auditor to discuss the audit plan, the effectiveness of the internal control system which needed to prepare the financial statements including consulting and finding ways to improve the internal control system to be more efficient.

2. Auditing of an Internal Control System

The audit committee has reviewed the assessment of the sufficiency of the internal control system of the company to ensure that the company has an appropriate internal control system to prevent and reduce the risks that may occur in order to run the business according to the company goals.

3. Compliance with laws

The audit committee have reviewed the operations of the company with the opinion that the company has complied with the law, related terms in order to achieve good corporate governance and in accordance with the Securities and Exchange Commission provisions, the Stock Exchange of Thailand provisions and laws related to the company's business operations.

4. Related Transactions or a Conflict-of-Interest Transactions

The audit committee have reviewed and provided opinions on related-party transactions or transactions that may cause conflicts of interest. To comply with the laws and regulations of the Stock Exchange of Thailand based on the reasonable of entering into the transactions, accurate and complete disclosure of information and taking into account the interests of stakeholders.

5. Reviewing fraud prevention

The audit committees have reviewed the measures and guidelines for the prevention of fraud that may occur in various systems, set policies for receiving complaints, report of clues, wrongdoing and measures to protect the whistleblowers as well as for those involved in conducting an investigation. The investigation must fully comply with the procedures including requiring that the company has the policies regarding anti-corruption.

The company announced its intention to join the Private Sector Collective Action Against Corruption (CAC) on November 12, 2019, which is in the process of requesting approval.

6. Consider the selection of the company's auditor.

The audit committees have considered the suitability of the auditor by considering independence, reputation, work performance, the ability of the auditor and appropriate compensation. For the year 2019, the audit committee proposed to the Board of Directors for consideration and approval from the Annual General Meeting to consider the appointment of an auditor from Deloitte Touche Tohmatsu Jaiyos Audit Company Limited, one of the four largest auditing firms in the world. It also has standards for auditing and is accepted by large listed companies in Thailand, being the auditor for the year 2019 of the company and its subsidiaries.

In summary, in the year 2019, the audit committee agreed that the audit committee can perform duties independently and the company has prepared significant financial reports and information according to accounting standards and complete disclosure of information. There is a sufficient and appropriate internal control system. The operations comply with the law on Securities and Exchange Commission provisions, the Stock Exchange of Thailand provisions and laws related to the company's business operations, accountability and focus on safeguarding the interests of all stakeholders.



(Mr. Torphong Chaiyasarn)

Chairman of the Audit Committee

Report of Nomination and Compensation Committee

The Nomination and Compensation Committee consist of directors which is appointed by a Board of Directors amount 3 persons as follows:

1. Mr. Preecha Laohapongchana Chairman of Nomination and Compensation Committee
2. Mr. Ekatiip Tippavang Nomination and Compensation Committee
3. Mr. Sittichai Kritvivat Nomination and Compensation Committee

In the past year, the Nomination and Compensation Committees has performed duties assigned by the Board of Directors with sufficient independence. There are 4 Nomination and Compensation Committee meetings. The Nomination and Compensation Committees is responsible for the selection of directors and high-level executives, in order to select a person with suitable qualifications for the company's business operations. The Nomination and Compensation Committees is considering selection of people with knowledge, competence, work experience and having completely qualifications as required by law and presenting to the Board of Directors for consideration. In the case of the committee completing their term, company gave shareholders the opportunity to nominate directors in accordance with the company regulator procedures.

However, the selection of directors and high-level executives, the Nomination and Compensation Committee have considered various qualifications, knowledge, skills, experience, expertise, professionalism and devoting time for the business of the company, as well as a good vision and attitude to the organization which is beneficial to the company's business operations. It also considers the size, structure and composition of the board that is appropriate to improve good corporate governance and effective management through a clear and fair recruitment process.

The Nomination and Compensation Committee has performed all assigned tasks with due care and prudence as well as giving an honest opinion and determination to operate by using the principles of equality, fairness and clearness in accordance with good business management principles for the benefit of shareholders and all stakeholders.



(Mr. Preecha Laohapongchana)

Chairman of Nomination and Compensation Committee

VISION

Be a renewable energy and public utility company. That is committed to production and development with modern innovation by giving importance to the stakeholders for sustainable business operations.

MISSION

- Manage the organization with good governance
- Establish standards for systematic and transparent operations
- Service to partners and society with care
- Supervising personnel development
- Create fair operating results for shareholders

CORE VALUES

| | | |
|--------------------|---|---|
| S uccessful | > | Driven to achieve the goals of the organization |
| E thics | > | Conduct business with transparency in accordance with good governance and anti-corruption practices |
| V alue | > | Manage works wisely to create value |
| E nergy | > | Producing and using energy efficiently and maximizing benefits |
| N atural | > | Create innovation with environmental friendly |



SUCCESSFUL



ETHICS



VALUE



ENERGY



NATURAL

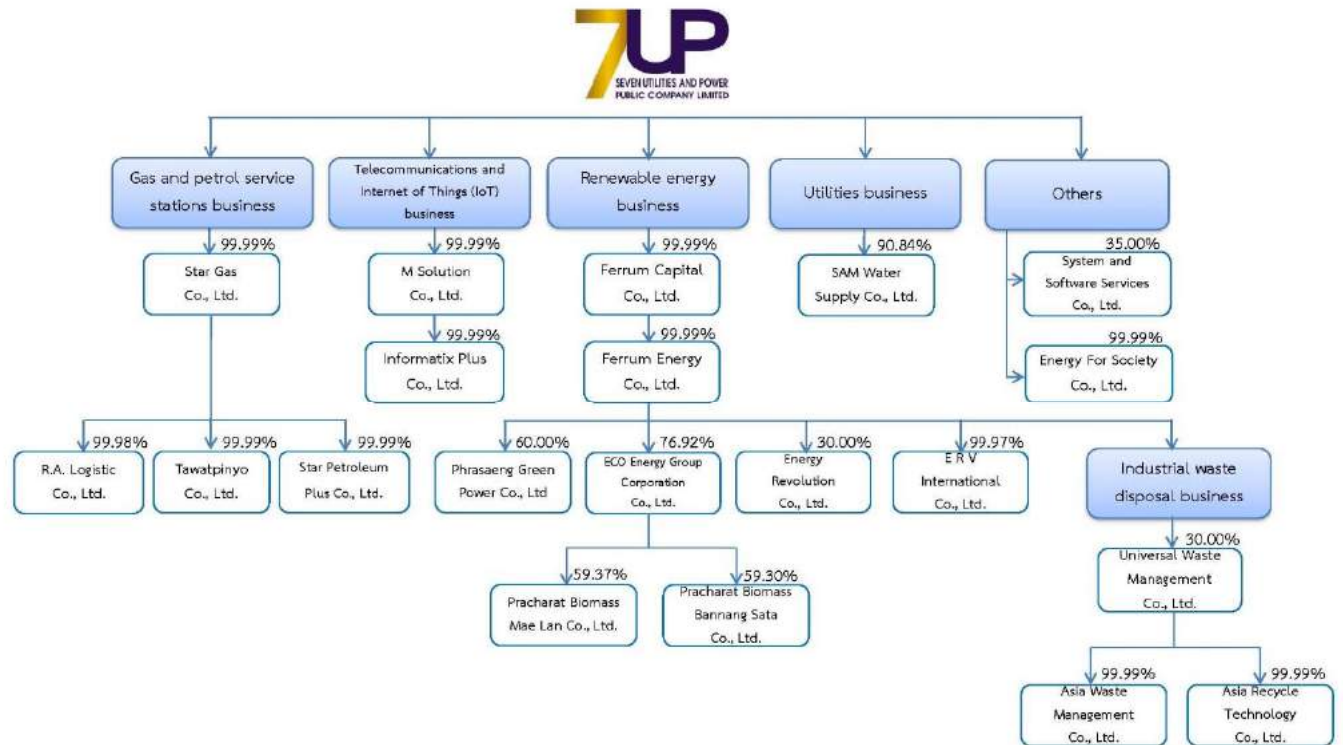


7UP General Information

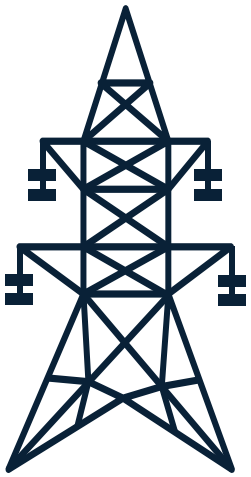
General Information as of December 31, 2019 as follows;

| | |
|-----------------------|---|
| Listed Company's Name | Seven Utilities and Power Public Company Limited |
| Head Office | 73 Mahachol Building, Soi Sukhumvit 62, Sukhumvit Road, Phrakhanong Tai, Phrakhanong, Bangkok 10260 |
| Type of Business | Gas and petrol service stations business, Renewable energy business, Telecommunications and Internet of Things (IoT) business, Utilities business, and Industrial waste disposal business |
| Registration Number | 0107545000021 |
| Telephone | 0-2741-5700 |
| Facsimile | 0-2741-6878 |
| Website | www.sevenup.co.th |
| Registered Capital | 3,635,517,722.00 Baht Consists of 3,635,517,722 shares at par value 1.00 Baht per share |
| Paid-up Capital | 3,029,598,102.00 Baht Consists of 3,029,598,102 shares at par value 1.00 Baht per share |

Business Structure



Key Milestones



Seven Utilities and Power Public Company Limited, formerly Ferrum Public Company Limited (The company changed its name on April 24, 2018), had registered as a company limited with the Ministry of Commerce on September 18, 1995 with a registered capital of 30 million baht. Later, it became a public company limited on February 11, 2002 and had been listed in the Stock Exchange of Thailand on April 3, 2002. The company had undergone capital raising to support business expansion and increase competitiveness of the company with a current total registered a capital of Baht 3,365,517,722 and fully paid registered capital of Baht 3,029,598,102.

The current 5 main businesses of the company

- 1) Gas and Petrol service stations business
- 2) Telecommunications and Internet of Things (IoT) business
- 3) Renewable energy business
- 4) Utilities business
- 5) Industrial waste disposal business

The company has been looking for opportunities to continuously expand the business.

Therefore, in the year 2019, the company increased investment in the following businesses :



Industrial waste disposal business

The Company invested in common shares of Universal Waste Management Company Limited (Formerly Asia Recycle Holding Company Limited) ("UWM") in the amount of 1,350,000 shares with a par value of 100 baht, equivalent to 30.00% of the issued and paid-up shares of UWM at the price of 25 baht per share (25% of the par value), representing a total value of 33.75 million baht in which UWM holds shares in Asia Recycle Technology Company Limited ("ART") and Asia Waste Management Company Limited ("AWM") equal to 99.99% of the registered and paid-up capital.

Currently, ART is located in Phanom Sarakham District, Chachoengsao province. AWM is located in Bo Thong District, Chon Buri province. The business is to separate and eliminate industrial waste by landfill which received a license from the Department of Factory No.105 to operate the business of sorting and land filling waste or unused materials of non-hazardous waste type and No.106 conducting business using solvents, thinner, and other solvents lubricant and coolant which has already been used for recycling.

ART has also received a Type 88 license, which generates 9.5 MW of electrical power and the No.101 factory license is sorting and / or landfill of hazardous and non-hazardous waste, which in the future ART plans to expand the management of hazardous waste by burning at high temperatures. Production and distribution of electricity which is currently studying the feasibility of the project.

Renewable energy business

The company invested in the purchase of shares in the Pracharat Power Plant Project Is the purchase of 130,766,665 shares of Eco Energy Group Corporation Company Limited ("ECO") and is the controlling authority of the company and its subsidiaries at the price of 0.3823 baht per share, representing a total investment of 50 million baht accounting for 76.92 percent of the paid-up capital.

ECO operates electricity production and distribution from all types of alternative energy including the contracting to build a power plant and installation of machinery for electricity generation from all types of renewable energy. ECO is a major shareholder of Pracharat Biomass Mae Lan Company Limited and Pracharat Bannang Sata Company Limited, which is a company that has a joint venture between the government is PEA ENCOM Company Limited (PEA ENCOM), Mae Lan Furniture Product Community Enterprise Banjapan Bannang Sata Wood Community Enterprise, ECO, who received the electricity purchase agreement from the Pracharat Electricity Project for the 3 southern border provinces, biomass fuel type. The revenue is expected to be realized in the year 2021 through the 2 projects that have been invested through subsidiaries, namely Pracharat Biomass Mae Lan Company Limited and Pracharat Bannang Sata Company Limited.



Energy saving equipment business

The company invested in Energy Revolution Company Limited ("ERV") by buying 300,000 ordinary shares of ERV with a par value of 100 baht per share, equivalent to 30 million baht, representing 30 percent of the registered capital of ERV. ERV has invested in the cooling system installation project, cooling tower, in an industrial group, business office buildings, hotels and shopping malls.



Nature of Business Operation and Industrial Outlook

Seven Utilities and Power Public Company Limited, formerly Ferrum public company limited (The company changed its name on April 24, 2018), had registered as a company limited with the Ministry of Commerce on September 18, 1995 with a registered capital of 30 million baht. Later, it became a public company limited on February 11, 2002 and had been listed in the Stock Exchange of Thailand on April 3, 2002. The company had undergone capital raising to support business expansion and increase competitiveness of the company with a current total registered capital of Baht 3,365,517,722 and fully paid registered capital of Baht 3,029,598,102. The current main businesses of the company can be divided into 5 business types as follows;

1. Gas and petrol service stations business

The company has invested and operates as a broker of LPG, NGV and petrol distribution business that has revenues and profits through the Star Gas Company Limited which can classify businesses in the group as follows

1) LPG Gas Station Business

Star Gas Company limited operates a retail business providing LPG to automobile in its own LPG gas station or “COCO” (Company Own - Company Operate). There are a total of 30 branches in Ayutthaya, Bangkok and vicinity. Each station is located on the major route and in populated community with an average of 10-15 years of right to rent the land. This stimulates the sustainability of the business by providing LPG consistently to consumers. Two main target customers of Star Gas are residents in the servicing area of the gas stations that have gas consuming vehicles and taxi drivers. Star Gas focuses on building brand recognition by providing good quality gas and customer service in an affordable and competitive price. Marketing and promotion that create customers’ awareness are drinking water campaign and co-promotion with premium products as an example.

Furthermore, another focal point is leasing area within the gas stations. Star gas has cooperated with shops such as car wash, coffee shop and convenient store together with the consideration of stations’ security and cleanliness of the restrooms in order to meet customers’ satisfaction.



Name List of 30 LPG Gas Stations

| No. | LPG Station Name | Location |
|-----|--|---|
| 1. | Sunshine | 28/3 Moo 8 ChiengRakNoi, Bang Pa In, Ayutthaya |
| 2. | Mungkorn Siam | 65/1 Moo 4 LumSai, Wang Noi, Ayutthaya |
| 3. | Lim Bang Ban | 41/2 Moo 3 PhraKhao, Bang Ban, Ayutthaya |
| 4. | Lim Bang Pa Han | 75 Moo 4 Han Sang, Bang Pa Han, Ayutthaya |
| 5. | Lim Ma Mai | 37 Moo 3 Baan Koh Rd, Baan Koh, Ayutthaya |
| 6. | Lim Wang Noi | 18 Moo 2 Chamab, Wang Noi, Ayutthaya |
| 7. | Lim Sena | 43 Moo 3 PhraKhao, Bang Ban, Ayutthaya |
| 8. | Lim Ayothaya | 45 Moo 3 Ta Nim, Bang Pa Han, Ayutthaya |
| 9. | Lim Asia | 74 Moo 5 Han Sang, Bang Pa Han, Ayutthaya |
| 10. | Siam Sap Rung Rueng | 69/1 Moo 3 Khayay, Bang Pa Han, Ayutthaya |
| 11. | Siam Asia | 170/2 Moo 2 Bo Phong, NakornLuang, Ayutthaya |
| 12. | Thupatemi | 315/3 Moo 6 PhahonYothin Rd, Sai Mai, Sai Mai, Bangkok |
| 13. | J.R.Gas Corporation Co., Ltd. | 691/5 Luang Phang Rd, Thap Yao, Lat Krabang, Bangkok |
| 14. | Na Siammedee Co., Ltd. | 101 Seri Thai Rd, Kan Na Yao, Kan Na Yao, Bangkok |
| 15. | ThepNimit Gas Co., Ltd. | 306/4 Rat Uthit Rd, San Saab, Min Buri, Bangkok |
| 16. | Fah Nampha Co., Ltd. | 79/2 Moo 9 Lum Pak Chee, NongChok, Bangkok |
| 17. | Rung Rueng Rum Ruay Rung Roj Co., Ltd. | 56/4 Moo 6 Lum Pak Chee, NongChok, Bangkok |
| 18. | Lim Suvintawong Co., Ltd. | 340 Suvintawong Rd, San Saab, Min Buri, Bangkok |
| 19. | Siam Sirivanich Co., Ltd. | 123/1 Ramkhamhaeng Rd, Min Buri, Min Buri, Bangkok |
| 20. | Infinity Gas Co., Ltd. | 655/1 Phet Kasem 69, Lak Song, Bang Kae, Bangkok |
| 21. | Sap PaisanWatcharapol Gas Ltd. | 19/9 Moo 2 O Ngoen, Sai Mai, Bangkok |
| 22. | Klong Luang | 18/9 Moo 6 Klong Si, KlongLuang, PathumThani |
| 23. | Nam Pa Ruay Co., Ltd. | 88/88 Moo 5 Baan Klang, Mueng PathumThani, PathumThani |
| 24. | Lim 347 | 59/5 Moo 4 Chieng Rak Noi, Sam Kok, PathumThani |
| 25. | Wutthichai Fahkram Service Ltd. | 29/15 Moo 6 Ku Kot, Lam Lukka, PathumThani |
| 26. | Nakorn Non Petrogas Co., Ltd. | 24/78 Moo 6 Krungthep-Nonthaburi Rd, Bang Khen, Mueng, Nonthaburi |
| 27. | Pibulsongkram Pa Ruay Co., Ltd. | 9/9 Moo 8 Pibulsongkram Rd, SuanYai, Mueng, Nonthaburi |
| 28. | Lim Phraram 5 | 8/1 Moo 1 Bang Pai, Mueng Nonthaburi, Nonthaburi |
| 29. | Gas Sure Sure Phraram 2 Co., Ltd. | 106/2 Moo 1 Bang Nam Jeud, Mueng, SamutSakhon |
| 30. | Siam Big Gas | 39/8 Moo 2 Setthakit Rd, Na Dee, Mueng, SamutSakhon |

Marketing and competition for the gas station industry LPG

Nowadays, Liquefied Petroleum Gas or LPG plays an important role in many industries such as households, restaurants, petrochemicals, commercial and transportation sectors of the country. The fluctuations of crude oil prices have a great impact on the demand for LPG, especially in the transportation sector since consumers may switch to use fuel oil instead when crude prices falls. Based on the Thai Oil Group report on the situation of crude oil prices in 2019 it was found that the average Dubai and West Texas crude oil price in 2019 was approximately \$60.08 and \$55.17 per barrel, increased \$0.65 and \$1.67 per barrel which caused from

1) Trade war between United States of America and China has made more progress with the signing of the trade agreement step 1 at the APEC Leaders Summit in Chile in November 2019.

2) The OPEC group has the opportunity to extend the cut in crude oil production capacity, which was due to end in March 2020 in order to be in line with slower world oil demand in 2020.

3) Baker Hughes reports US crude rig weekly ending 25 October 2019, it has decreased by 17 platforms to 696 platforms, the lowest in 11 months due to investment cuts in new wells.

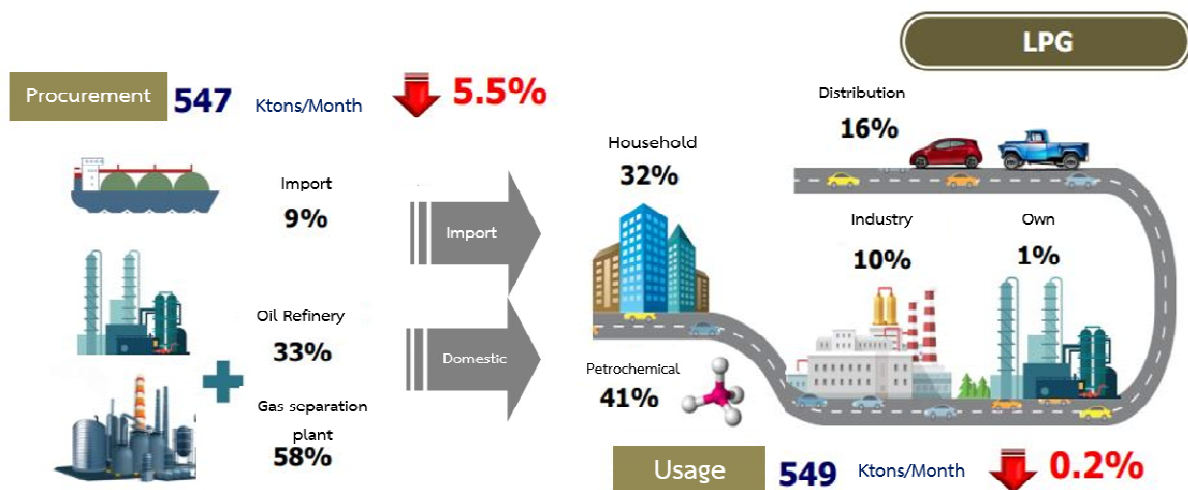
4) The EIA reported a decrease of 1.7 million barrels of crude oil in the United States due to the refinery in the United States. Increase the refining capacity by approximately 429,000 barrels per day and the volume of US crude imports decreased by 873,000 barrels per day.

According to the global economic slowdown, especially during the past year, LPG usage accounted for 4.6% of the fuel used in the land transportation sector. The usage decreased by 12.2%. However, at the end of September 2019, there are approximately 9,000 LPG installed vehicles, most of which 98% are vehicles that use LPG with gasoline. And in the period January - September of 2019, the newly registered LPG car number was 3,380 vehicles, the amount of usage decreased by 35.05% compared to the same period last year, while the average retail LPG price was 21.87 baht per kilogram or 11.81. baht per liter.

However, crude oil prices have started to recover and increase at present will benefit LPG usage in the transport sector, which is still more economical than using gas with an attractive saving rate (Saving Gap). If the price of oil is on the rise, Saving Gap will also increase accordingly.

LPG demand of industries within the country

According to the data from Energy Policy and Planning office (EPPO), the Ministry of Energy in 2019, Thailand produced a total of 6.5 million tons of liquefied petroleum gas per year. The LPG gas will be used as raw materials in many economic sectors such as petrochemicals, transportation sectors, industry and households, which can be divided as follows:



Source: Energy Policy and Planning office (EPPO), the Ministry of Energy

Since 2011 to 2013, domestic LPG production from all sites has increased according to the rising demand from the domestic market which led to higher amount of LPG were needed to import from foreign countries. However, the demand for LPG started to decline as some producers were turning to cheaper alternative energy after the global crude oil crisis occurred during 2014 to 2015. However, with the trend of lower LPG consumption in the transportation sector, the company has invested more in the Petroleum and Gasoline station business to increase sources of income and reduce the risk from the LPG business in the transportation sector that is likely to slow down.

The price structure of LPG consists of two parts which are wholesale price from a refinery plant and retail price at a LPG service station.

- Wholesale price from a refinery plant comes from the price at a refinery plant or the price at the gas separation plant /import price, excise tax, municipal tax, oil fund and VAT.
- Retail price includes wholesale price from a refinery plant, marketing margins, and VAT.

The energy price formula calculated by the Energy Policy and Planning office (EPPO) refers to the world market price or Contractual Price (CP) which is announced by the Petromin Corporation in Saudi Arabia in that month. It is a proportion between propane and butane at 60 to 40 proportions and will be reviewed from the gas production site once every three months according to the following criteria.

- Natural gas separation plant calculates from the cost of raw material, plant and gas storage investment costs and operating costs.
- Oil refinery plant calculates from Contractual Price (CP) deducing by \$20 per ton. The \$20 is referred to the difference in transportation cost. For example, the transportation cost from Thailand to China is higher when compared to China's import price. Therefore, the difference must be deducted to make the transportation price competitive.
- Imports calculate from CP plus \$85 per ton. The \$85 is the transportation cost and expenditure for importing (CP + \$85 per ton). Nonetheless, now, there is a policy setting the price of CP+X in order to reflect the real procurement cost, the price is still fixed when importing costs are more than \$85 per ton.

After that the price from three sources are weight-averaged to obtain the base selling price which reflects the procurement cost then use the oil fund as a management mechanism. If any source of LPG gas (refinery, gas separation plant or import) has a lower procurement cost than the weighted average cost, the difference must be moved to the oil fund. On the other hand, if any source has higher cost than the weighted average cost, the difference will be compensated from the oil fund. The excise tax, municipal tax, marketing tax and VAT will later be added to become the retail price.

The government has set the wholesale price at the gas storage plant of PTT to be the same price across the country which equals to the wholesale price from a refinery or gas

separation plant. The government uses funds from the Oil Fund to compensate for the cost of gas transportation to the main gas storage plant at Nakhonsawan, Lampang, Khon Kaen, Songkhla and Surat Thani. However, the retail prices at provinces located around the gas storage plant is vary from a transportation cost, set by the Department of Internal Trade, from a gas storage plant to a certain province. The cost of production and procurement will change every month whereas the base prices will be revised from sourcing site and supplier every three months

The company expects that the LPG business will continue to compete continuously, especially in the transportation market. In the past several years, the demand for LPG has decreased which is a result of the global oil price falling to an average price of 60-70 US dollars per barrel from ever more than \$100 dollars per barrel. As a result, some consumers turn to use more oil. The volume of LPG sales from service stations in the year 2019 (the latest data as of September 2019) is an average of 3.32 million kilograms/day, decreased from 2018 at 3.24 million kilograms/day. Due to the increasing global crude oil price and economic conditions between the United States and China

However, in 2020 it is expected that Dubai crude oil prices will move up to \$65.65 dollars per barrel. The price will fluctuate due to unrest due to the attack of the United States against the second leader of Iran resulting in the oil price increasing in early 2020. If the oil price in the world market has increased Will make demand for demand for LPG gas continue to exist continuously.

The LPG gas station industry is fragmented, with most operators operating as distributors through Dealer Own Dealer Operate (DODO), such as Siam Gas and Petrochemicals and the World Gas Which usually choose the main road location because of the high number of users will compete on the same road or in the same community area which most consumers tend to choose to refill the existing service stations that are frequently refilled.

By comparing the entire country, Star Gas has a relatively small market share. However, if looking at the scope of competition in the provinces where the gas stations are located, the market share will be ranked first, with Star Gas being well-known and the number one market in Ayutthaya. While the competition in Bangkok is quite limited since the business operation license has not yet been added to new operators and operate as the owner of the service station and manage themselves or the Company Own Company Operate (COCO), allowing Star Gas to gain Economies of Scale when compared to other competitors. In order to increase new customers and

retain existing customers such as lottery distribution campaigns, drinking water, clean toilets and various stores offering services such as coffee shops, minimarts, pak shops, etc.

2) LPG gas transportation business

R.A. Logistics Company Limited ("R.A. Logistics") operates LPG transportation business from depots of fuel dealers or traders, Section 7 to LPG stations in the Star Gas Group, other service stations and industrial plants by focusing on the management and management of the bus routes. There is a GPS tracking and tracking system to ensure efficient transportation. At present, R.A. Logistic has 18 tonnes of 8 ton LPG gas vehicles still looking for opportunities to expand the business by expanding the number of customers on the transportation route to maximize benefits.

Marketing and competition for the LPG gas transportation industry

The operation of LPG gas transportation business requires a license under Section 12 of the Fuel Oil Trading Act B.E. 2543 and a license for each transportation vehicle. Also need to spend a lot of money in recruiting transportation vehicles and enter into an alliance contract with each of Article 7 vendors, which often provide their own transportation services for the benefit of cost management. Warehouse management and delivery on time allowing small entrepreneurs to enter the business is difficult.

R.A. Logistics Company Limited the subsidiary company has run a LPG transportation business for a long time and received trust from various partners resulting in a strengthening of the brand. Mostly, it is hard to differentiate the quality of product in LPG industry, so the company strongly concentrates on marketing and service strategies.

There are 8 operators of LPG transport trucks and trains including;

First Gas Co.,Ltd.

Orchid Gas (Thailand) Co.,Ltd.

G Gas Logistics Co.,Ltd.

Lanna Gas and Oil Co.,Ltd.

PAP Solution Co.,Ltd.

Premier Carrier Co.,Ltd.

Na Wa Cares Engineering Co.,Ltd.

R.A. Logistics Co.,Ltd



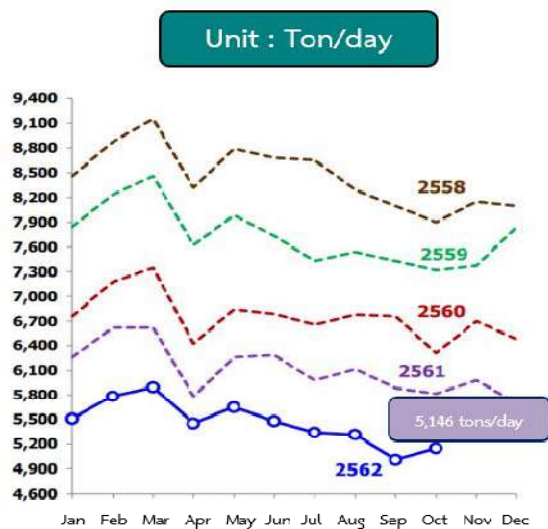
3) NGV gas service station business

Thawat Phinyo Company Limited ("TWP") operates a natural gas business under the type 3 management agreement with PTT Public Company Limited ("PTT"), in which PTT will be an investor in the station and responsible for all product costs. As for TWP, will receive revenue from PTT in the form of station management revenue and land use income currently, there are 2 stations, namely Rama 2 inbound and Rama 2 outbound.

Marketing and competition for the NGV gas station industry

The domestic use of NGV in the domestic transportation sector is still less popular than LPG because the cost of installing the equipment is quite expensive and it takes many times to fill up with gas and wait in line at the service stations. Is around 32,000-60,000 baht / car compared to LPG equipment at 22,000-40,000 baht, while the average NGV gas filling time is around 10-15 minutes compared to LPG for only 5-7 minutes. The stations are relatively few number of 487, mostly located in Bangkok causing NGV-equipped cars to encounter difficulty in finding service stations In addition, the Ministry of Energy's regulation prohibits NGV service stations from being near communities and requires a lot of space for the construction of compressor buildings and allowing NGV vehicles to enter and exit causing the station construction costs to be higher than LPG 1-2 times.

In this regard, the TWP subsidiary under the company group does not have a risk of investment in the construction of the station due to the type 3 fee management agreement with PTT. Station which will receive management fees and rental fees without the need to invest in the construction of the station.



Source: Energy Policy and Planning office (EPPO), the Ministry of Energy

*Average NGV sales between January - December 2019

| Year | Average amount of NGV sales (Tons/Day) |
|------|---|
| 2556 | 8,540.35 |
| 2557 | 8,806.95 |
| 2558 | 8,452.26 |
| 2559 | 7,734.61 |
| 2560 | 6,752.84 |
| 2561 | 6,137.45 |
| 2562 | 5,146.00 |

4) Gas station business

Star Petroleum Plus Company Limited, a subsidiary of Star Gas Company Limited, has acquired the leasehold rights to land and buildings for the initial operation of 6 gas stations, helping to strengthen the business base from the present day when there are gas service stations. LPG / NGV enter into service stations, which have a good market value for the business. Including entering the non-oil business that offers attractive return on investment create stable income for the company in the long run. Currently, the operation is open 6 locations as follow;

1. Chao Pluk Station, Amphoe Maha Rat, Nakhon Si Ayutthaya
2. khao jeen lae Station, Phra Phutthabat, Saraburi
3. Khanu Station, Saen To, Khanu Worakabsaburi, Kamphaengphet
4. Tak Airport Station, Nam Rim, Muang Tak, Tak
5. Tak-Lampang Station, Mai Ngam, Muang Tak, Tak
6. Klong klung station, Tha Phutsa, klong klung, Kamphaengphet



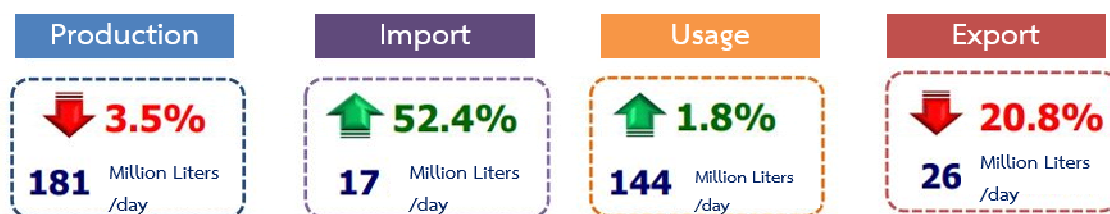
Marketing and competition for the gas station industry

In November 2019, the price of crude oil tends to increase which is caused by various factors trade negotiations between the United States of America with China showing a better signal in which China reported that the representatives of both countries have negotiated over the phone and are able to reach a basic agreement. Donald Trump revealed that the signing may be in the first trade agreement with China in Iowa After a prolonged trade war of nearly 16 months, analysts have revealed that the Fed's interest rate cuts and the weakening of the US currency help support the price and the demand for oil to increase OPEC Secretary-General Mohammad Barkindo said: The crude oil market in 2020 is expected to be better than in 2019 due to the lower crude oil volume from the OPEC and allied countries' production capacity cuts including Boycott of oil exports from Iran and Venezuela of the United States of America. However, the keystone crude oil pipeline which is heavy crude oil pipeline from Canada to the United States of America which has a shipping capacity of 590,000 barrels per day has resumed operations. After stopping operations from the crude oil spill incident the market is concerned about the progress of trade negotiations between the United States of America and China, which is still uncertain. Especially the issue of

buying agricultural products from the United States of America and the trade war has affected the overall demand for oil from the global economic slowdown.

Gasoline prices in the region mostly increased because it was driven by strong demand from India and the Middle East as for the price of diesel in the region mostly increased because it was driven by regional demand for retail gasoline prices in ASEAN. Most of them increased except Laos and Brunei which decreased and diesel retail prices in ASEAN have decreased, except Singapore, Thailand, Myanmar and Malaysia which have increased.

Overview of oil production and use in Thailand



Overview of oil production and use in Thailand during January - September 2019

Source: Energy Policy and Planning Office Ministry of Energy

Procurement Procedure

LPG - Star Gas Company Limited procures LPG from Article 7 fuel traders, such as WP Energy Public Company Limited and Orchid Gas (Thailand) Co., Ltd., by R.A. Logistics Co., Ltd. to carry out transportation which will transport directly from the gas depot of the fuel trader, Section 7 to the LPG service station of the company group other service stations and factories by working together with modern inventory management systems, management of route planning for punctual transportation and effective cost management. There is also a Hall Effect system for checking and reading water fees. Track the number and status of tanks that are in the system for planning Delivery and order quantity in accordance with customer requirements there will be a notification by email on time. required at the minimum stock level makes it possible to order gas from a merchant, section 7 efficiency.

NGV - Tawatpinyo Co., Ltd. is a partner in procurement of NGV gas with PTT Public Company Limited, a leading national energy company by conducting a full range of natural gas

and petroleum business signed with PTT in procuring natural gas for NGVs with a 30-year supply period, so the company has no concerns about the procurement of resources.

Petrol - The company has entered into a franchise business agreement. Petrol stations with PTG Energy Public Company Limited, a national energy business leader. It has agreed to supply oil resources to the service stations operated by Star Petroleum Plus for over 30 years. In addition, PTG has a guarantee of profits that the company will maintain received during the global oil price crisis as well.

2. Telecommunications and Internet of Things (IoT) Business Group

Company and subsidiaries has been doing business in the telecommunication group for a long time Most of which are specialized radio communication systems which provide communication services for specific groups to be able to communicate with one another in the same frequency band. The company has been trusted to use and install from government agencies and private business groups nationwide. In the past, many brands have used technology that is considered the world market leader, so they can build trust among users which can be divided products into 2 major groups which are

- **Wireless Communication** such as Mission–Critical Communication

Networks/Device, Two Way Radio, Secured Communication, System Design, System Integration & MA, Antenna, Tester & Measurement Equipment, Dispatch Console for Two Way Radio System and UC (Unified Communication)

- **Monitoring & Navigation System** such as VOR/DVOR (Doppler VHF Omni-

directional Range), DME (Distance Measuring Equipment), DF (Direction Finder) and ILS (Instrument Landing System)

The company also expands the sales of Internet of Things (IoT) products and services, which are devices that play a large role in the daily lives of every consumer group today. The company has various IoT strategies that can connect everything and allows users to control the use of various devices via the internet network. The company focuses on equipment that is more efficient than general IoT strategies, by dividing the IoT product line such as

- **Surveillance and Security System** such as Infrared Surveillance System, Analytic Software & CCTV system, Panorama CCTV System and Security Scanners.

- **Security Solution** such as Drone & Anti-Drone, FOD & Sweeper, CFME & Water Blaster และ GPS Tracking.

In the past, the company has focused on selecting quality products. For the goal of becoming a business partner with many leading products such as MOTOROLA, Rohde & Schwarz, Zetron, Vertex Standard, Huawei, etc., to cover the needs of the same target industry, including new industry groups such as business. Logistics, transport business, aviation business with product strategy whether it is to expand the line of radio communications, measurement equipment, telecommunications equipment that is currently only Including the addition of product lines for IoT equipment, software applications and maintenance services.

In addition, in the year 2019, M Solution Company Limited has also received a license to import industrial products that have a royal decree to meet the standards for distribution in the Kingdom (TISI), with the company able to import battery products various types of tapioca to sell more variety. Which is considered to expand the opportunities and channels for distributing battery products to customers at a high level since the battery is the main spare part that customers often have to buy repeatedly In comparison with competitors, only a handful of people can obtain a license to bring the product to Thailand. Therefore considered as a competitive advantage that the company have a license to import to sell the said product.

Business Partners



Regarding the affiliated companies, Informatix Plus Company Limited has similar business operations to M Solution Company Limited by engaging in information technology and information and communication technology services, beginning as a provider, consultation, analysis, design, networking, communications and information security systems of all types and is a system integrator for certain types of work which can be adjusted according to customer needs and suitability for use Especially the corporate customers who have to consider various factors such as data security control and inspection as well as being the owner of the Mobile Technology product. There are 4 positions regarding product operation which are

- **Patent owner** Ownership of copyrighted products
- **Distributor** Being a primary distributor of products
- **System Integrator (SI)** Being a product sourcing collector from a business partner
- **Research and development (R&D)** Product development from research studies

In addition, the company also provides security installation services. Installing CCTV (CCTV) and receiving pole installation work Fiber Optic Cable Gripping Work for government agencies and private sectors. The service scope has also been expanded both in Thailand and overseas in the ASEAN region as well.

Marketing and competition

The telecommunications and Internet of Things (IoT) businesses will grow according to economic conditions and government support policies. By the Thai economy in 2019, Data Center - Telecommunications Research Department, NBTC, announced the results of the communication market survey. Internet usage this year, the market for all communications has spread more than 629,673 million baht, growing by 2.57% from 2018. Internet users in 2019 surpassed 50.8 million, while mobile users jumped 121.53 million numbers.

Communication market is an important market for the country, both economically and socially, since every sector or even general daily life requires continuously communicate while advancing in communication technology. Causing the current and future communication styles to change significantly reflecting the market value that is still likely to grow enormously.

The positive factors driving the market this year comes from the government policy that promotes equality in communication access, such as the marginal internet project Net Pracharat, Project Promoting Thai people to fully enter the digital age. In addition, changing consumer behavior and increasingly turning to online media both business operations and daily use changes in consumer behavior such as using mobile phones instead of fixed phones including more online transactions.

However, investment in the communications equipment market has a positive direction. Private sector investment to increase the efficiency of internet usage including investment in providing data communication services such as data centers Cloud service which is expected to be a market that has increased demand, especially in the business sector. In addition, consumers have behaviors in using mobile phones switch from feature phones to using smartphones instead.

Although the overall economy is still slow but the investment in communication equipment and spending in the communications business that occurred in 2019 will be positive in a narrow range, that is, the investment value is approximately 263,444 million baht, an increase of 2.5 percent from 2018 and the use of paid in communication services approximately 366,229 million baht, an increase of 2.6 percent from the year 2018

Procurement Procedure

The company is committed to providing quality products and services. Be modern at a fair price to meet the needs of customers in both government agencies and private businesses The company's products are manufactured from factories that have been certified for production quality in accordance with international standards. The company is both a direct importer and a distributor for the world-renowned product companies, including Motorola, which has been appointed as a distributor and service center from Motorola Inc. for Trunk Radio products since 2003, including has also been appointed as a distributor for leading brands such as IntelliVision, ZETRON, HUAWEI, VERTEX STANDARD, TELTONIKA, LINYANG, J-SOLAR.

In addition, the company also focuses on increasing skills and expertise of engineers to meet international standards with internal staff training to transfer knowledge and new information technology including the expansion of knowledge from new technology education. Continuously in

foreign countries to enhance knowledge and expertise for company personnel which will lead to creating more value and building confidence for the customers of the company in the long run.

Jobs that have not yet been delivered

Since in the year 2019, M Solution Company Limited won the bidding for 33 sets of bridge installation projects at Don Mueang Airport, which will gradually deliver the work and start to recognize revenue from mid-2020 onwards. The company will be able to deliver the job and realize full income in the beginning of 2021.

3. Renewable Energy Business Group

The company established a subsidiary company to operate renewable energy business which is a business that can generate sustainable income for the company in the long run both from the production and distribution of electricity to the government and energy-saving equipment business with details and project progress as follows :

1) Biogas Power Plant

In 2016, a subsidiary company, namely Ferrum Energy Company Limited, invested in the 2 megawatts biogas power plant business by purchasing ordinary shares of Phrasaeng Green Power Company Limited, representing 60.00% of Issued and paid-up shares.

Phrasaeng Green Power Company Limited is located at Sinn Pun Subdistrict, Phrasaeng District, Surat Thani Province. Operations, production and distribution of electricity by using raw materials, waste water from a palm factory. The Provincial Electricity Authority is the buyer under the PPA, with the purchase capacity not exceeding 2 megawatts. The said power plant has been completed and began selling Commercial Electricity (Commercial Operation Date: COD) in April 2016, and received an electricity purchase price increase (VSPP) at the rate of 0.30 baht per kilowatt-hour. Has a support period of 7 years from the date of commercial electricity distribution (COD).

Also receive investment promotion from the Board of Investment (BOI) with the following important privileges: Exemption of corporate income tax for a period of 8 years and thereafter will be reduced to income tax a half-rate of another juristic person for a period of 5 years.



Biogas pond, Phrasaeng Power Plant, Surat Thani Province

2) Southern Civil Biomass Power Plant Project

The company has invested in the purchase of shares in the southern state biomass power plant project by purchasing the ordinary shares of the company Eco Energy Group Corporation Limited ("ECO") in the amount of 130,766,665 shares and is the controlling person of the company.

Eco Energy Group Corporation Co., Ltd. has main objective is to operate the production and distribution of electricity from a variety of fuels such as biomass, wind power, solar energy, water power, biogas, waste energy, energy from combustion of agricultural materials and other renewable energy including complete related businesses. According to the government's promotion of alternative energy development, the company foresees an opportunity to enter the renewable energy business which in the business related to renewable energy, the company has a policy to give importance to social responsibility community and environment It also creates jobs and opportunities for personnel in that community by encouraging the people to have better incomes and well-being as well. In addition, in order to strengthen and secure the company in the long run, the company has a policy to expand investment into related businesses. From the procurement of fuels for power generation to the design, care and maintenance of power generation equipment including the business of

constructing power plants from all types of alternative energy and other related factories which doing such a comprehensive business will enable the company have stable income and returns

In this regard, ECO is the major shareholder of 2 biomass power plant companies in the southern region, which are Pracharat Biomass Mae Lan Company Limited, registered to establish the company on 10 September 2018, currently having registered capital of 95,000,000 baht and having paid-up capital of 47,500,000 baht and Pracharat Biomass Bannang Sata Company Limited was established on September 10, 2018 with a registered capital of 100,000,000 baht and a paid-up capital of 50,000,000 Baht conducting electricity generation and distribution by using raw materials from bark and rubber wood chips that are in the vicinity of the factory in which the Provincial Electricity Authority is the buyer under the PPA, with the purchase capacity not exceeding 2.85 megawatts per plant, which the power plant is currently under construction and is expected to start selling Commercial Operation Date (COD) in January 2021, with revenue recognition from the purchase of electricity (FIT) at the rate of 5.14 baht per kilowatt-hour. Which has a support period of 20 years from the date of commercial electricity distribution (COD). In addition, the company is in the process of requesting tax privileges to the Board of Investment (BOI).



*Location of biomass power plant, Yala Province, area 164 rai
Pracharat Biomass Bannangsa Company Limited*



*Location of biomass power plant, Pattani Province, area of 42 rai
Pracharat Biomass Mae Lan Company Limited*

3) Energy-saving equipment business

The company invested in energy-saving equipment business, Hydro Turbine in Energy Revolution Company Limited ("ERV"), through the acquisition of ERV shares, currently holding 300,000 ERV shares, representing 30% ERV plans to invest in the cooling tower installation project in the industrial sector business office buildings, hotels and shopping malls.

ERV is a leader in energy saving innovation for cooling tower systems in the industrial sector that has been granted a patent from the Department of Intellectual Property. With experience

in mechanical work in both engineering and construction some of the company's business experiences are the design and construction of hydro turbines and the installation of pipelines in factories.

The general operating system of the cooling tower is responsible for cooling the circulating water distribution system. Continuous cooling for the main condenser or heat generating systems to reduce system heat, such as turbine systems and auxiliary systems such as turbine bypass systems) various cooling systems in this process, the coolant will heat up. Then this heat energy will be released into the atmosphere through the cooling tower by using electric motors etc.

ERV has invented the energy saving innovation of the cooling tower by using the form of water power to help It's called the Hydro Turbine cooling tower. The difference between a conventional cooling towers is that a general type cooling tower uses a motor to spin the fan while this type of cooling tower uses the energy of the remaining water in the system to drive the impeller of the cooling tower through the turbine "Hydro Turbine", this innovation cooling tower has the following advantages:

- Energy savings due to the lack of a motor for propellers by saving 100% of electricity
- Reduce the maintenance and repair costs for motors and power transmission equipment as well as saving labor in maintenance and reduce maintenance time
- Reduce vibration / low noise because there is no power unit and motor sets to reduce vibration and noise



In Thailand, industrial businesses such as power plants, general factories, industrial estates, and buildings, there is a cooling tower system that still uses conventional motors. Which will have the cost of electricity and maintenance fees to a hundred thousand baht value up to a million baht per year depends on the size of the cooling tower in each industry ERV's Hydro Turbine Cooling Tower, therefore is an aid that answers energy saving problems. It can save motor electricity costs by up to 100% and reduce the maintenance cost of the cooling tower system. In addition, to renovating the existing cooling tower system using a motor to be a Hydro Turbine system, ERV also plans to produce and install a cooling tower system that works with the innovative Hydro Turbine for the markets, factories and office buildings. That is about to build a new one which aside from saving energy also helps to reduce the cost of electrical equipment and the installation cost of the project.

| HYDRO TURBINE SITE REFERENCE | | |
|--|----------------------------|-----------------------------|
| 1) Thai Synthetic Rubber : 1 Cell (90 KW → Save 2.7 MB/Year) | | |
|  | | |
| Parameter | Existing Fan speed (Motor) | Hydro Fan @ Operating speed |
| Fan speed | 168 RPM | 168 RPM |
| Flow rate (Ultra clamp) | 3700 m3/h | 3550 m3/h |
| Head at discharge pump | 2.7 kg/cm2 | 2.94 kg/cm2 |
| Ampere cooling pump | 22 A | 21.5 A |
| Temp. water Supply / Return | 29 / 35 | 29 / 35 |

| HYDRO TURBINE SITE REFERENCE | | |
|--|--|--|
| 2) UBE Chemicals Asia : 3 Cells (310 KW → Save 9.4 MB/Year) | | |
|  | | |
| 3) Phoenix SCG : 1 Cell (90 KW → Save 2.7 MB/Year) | | |
|  | | |
| 4) Small CT @ PANTIP Plaza (7.5 KW → Save 0.2 MB/Year) | | |

Example work of the installation of the innovative cooling tower of Hydro Turbine of ERV's customers

Business Partners



Current ERV customer group

The company predicts that the energy-saving technology of the innovative cooling tower Hydro Turbine has attracted the attention of both the public and private sectors, especially in the industrial sector. Which is considered an important variable in cost management all parties have given importance and realized the benefits and therefore have continuously invented innovations in energy saving including energy-saving technology related to cooling systems. Cooling Tower is another thing that is interesting to invest and ERV has expertise in this area. In addition, the innovative Hydro Turbine cooling tower has been granted a patent from the Department of Intellectual Property of Thailand. Therefore, the company realizes the benefits of expanding and developing the energy business both domestically and internationally, including patent registration in foreign countries such as ASEAN and countries that give confidence in energy-saving devices for the longterm benefits of joint venture in this business.

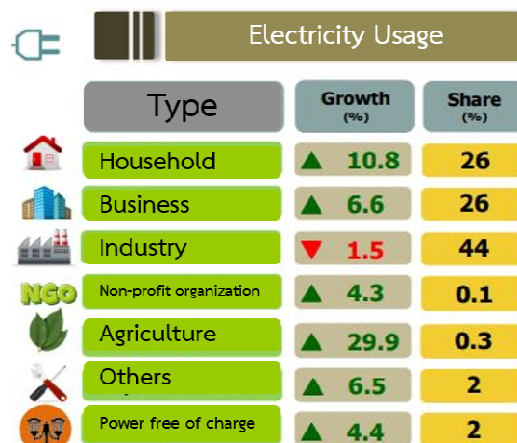
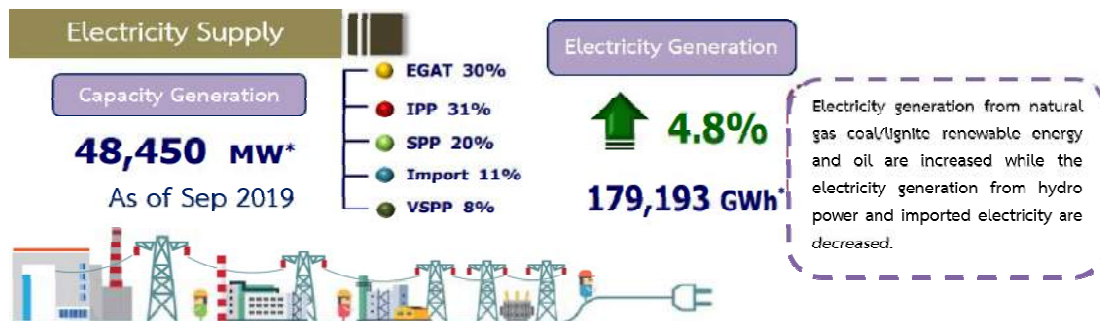


Target countries for expanding energy-saving equipment market

Marketing and competition

The electricity generation and distribution business from renewable energy is a business that does not compete with other businesses. Since all electricity produced by the power plant will be distributed to the target customers, namely Metropolitan Electricity Authority Provincial Electricity Authority and the Electricity Generating Authority of Thailand in the biogas power plant section. The capacity of 2 megawatts of the company. Phrasaeng Green Power Company Limited, a subsidiary company which is located in Surat Thani province. There will be target customers: Provincial Electricity Authority according to the Power Purchase Agreement (PPA) entered into jointly the company focuses on 3 competitive strategies which are to create stability in the raw materials, improve the efficiency of the production process and controlling the cost of

production appropriately combined with the demand for electrical energy of every industry that has increased continuously in the last 5 years.



Source: Energy Policy and Planning Office Ministry of Energy Data as of Jan-Sep 2019

For renewable energy projects that the government plans to open in the future, such as the purchase of electricity from renewable energy in the form of FiT Bidding in the form of biofuels from waste water / waste, biomass and bio-energy crops. In addition to preparing in various fields to comply with the government purchase regulations. The applicant must compete on the project's price proposal by the business that is ready in all aspects according to the purchase regulations and offering the lowest price to the government will be considered and entered into the power purchase agreement with the government.

In addition, for the energy-saving equipment project in the cooling tower, at present the company has no competitors because in Thailand, the company has been granted a petty patent. From the Department of Intellectual Property and plans to expand the registration rights to neighboring countries, such as countries in the ASEAN region and countries that focus on

the creation of new innovations in order to further expand and expand the energy equipment market to international levels sustainably.



Procurement Procedure

Phrasaeng Green Power Company Limited procures raw materials for biogas power plants by using waste water and palm oil sludge from the crude palm oil production to produce biogas for electricity generation. The subsidiary company entered into a wastewater supply contract with a crude palm oil producer located near the power plant with the duration of the supply contract waste water throughout the life of the power purchase agreement in order to manage transportation costs to the lowest. In addition, the subsidiary company is aware of increasing production efficiency and using raw materials to maximize benefits by designing various parts of the power plant in accordance with and suitable for various production processes of the power plant.



BIO GAS from Palm oil-Sep 2019

In addition, for the power plant business under the management of the company, Eco Energy Group Corporation Co., Ltd. procures raw materials to biomass gas power plants by using wood waste or slab, rubber left over from sawmill and left in forest plantations for using in electricity generation. In which the subsidiary company entered into a raw material procurement contract with a sawmill located near the power plant with the duration of the contract for the supply of wood chips or rubber wood slabs throughout the life of the power purchase agreement in order to manage transportation costs to the lowest. In addition, the subsidiary is aware of increasing production efficiency and using raw materials to maximize benefits with a plan to measure the use of fuel during the electricity production of both biomass power plants and various design of the power plant in accordance with and suitable for the production process of the power plant.



4. Utilities business group

The company invested in Sam Water Supply Company Limited ("SAM") in July 2018 at 80 percent and capital increase in the middle of the year 2019, which currently holds 90.84 percent of the shares in which SAM operates design, construction, installation and management of water resources and environmental engineering business. Currently, SAM has a contract to sell water that has been treated with ultrafiltration and sterilized by the Ozone (Ozone Generator) in the shrimp farm that can receive water in the amount of 64,000 cubic meters per day. By delivering water to the company Charoen Pokphand Foods Public Company Limited ("CPF"). Currently, there are 7 shrimp farms that receive water from the company under the contract to sell bile to CPF as follows:

- 1) Roi Phet farm, located at 76, 76/2-6 Moo 6, Pranit, Khao Saming, Trat
- 2) Mae Klong 1 farm, Located at 32/6 Moo 6, Bang Kaew, Mueng, Samut Songkhram
- 3) Bang Sa Klao farm, Located at 16/2 Moo 5, Khlong Nam Khem, Laem Sing, Chanthaburi
- 4) RY 3 farm, Located at 18/1 Moo 5, Phang Rat, Klaeng, Rayong
- 5) RY 3 farm, Located at 93/1 Moo 3, Kong Din, Klaeng, Rayong
- 6) Lucky 1 farm, Located at 99/2 Moo 4, Pak Nam Kra Sae, Klaeng, Rayong
- 7) Phechburi 5 farm, Located at 164 Moo 4, Bang Kaew, Baan Lam, Phetchaburi



Water treatment process with ultrafiltration system and disinfection with ozone system

Marketing and competition

The shrimp industry is the 2nd largest gross domestic product of the economy in the southern region and the fourth largest economic gross domestic product of Thailand, resulting in a supply chain with many related parties such as industrial farmers and wholesalers. The main markets for Thai shrimp exports are the United States of America and Japan. The products are divided into 3 main categories which are 1. Frozen shrimp 54% of export, 2. 41% of shrimp, 3. export of frozen shrimp 3. 5% of export chilled shrimp.

In the year 2019, Dr. Somsak Paneetathayasai, President of the Thai Shrimp Association is revealing the Thai shrimp situation that the total shrimp production in 2018 is at 290,000 tons, while the shrimp production in the year 2019 is approximately 290,000 tons, equal

to the year 2018 with 34% being the shrimp production from the lower southern region, 30% from the eastern region, 25 from the upper southern region and 12 percent from the central region respectively, although the farmers are able to better cope with the disease situation. But still have to face various diseases combined with inclement weather resulting in lower shrimp prices and therefore not increasing shrimp production. Global shrimp production is expected to be around 3.4 million tons, up 5 percent, such as Vietnam, India, Central American countries and South America, etc. Shrimp production has increased especially in India this year, producing nearly 600,000 tons of shrimp despite the problem of raising disease, the environment, and others are the main causes of the global shrimp price decline that affecting the price of shrimp products in the country and the competitiveness of Thai shrimp in the world market.

As for the shrimp export data for Jan-Oct 2019, the amount is 135,249 tons, worth 40,185 million baht, compared to the same period of 2018 that exported 143,129 tons worth 45,545 million baht. Year 2019, full volume decrease and value at 6% and 12% respectively. It is predicted that by 2020, the shrimp farming industry in Thailand will increase the production of shrimp by 20% or approximately 350,000-400,000 tons. Therefore resulting in the group of SAM customers to remain continuously.




In addition, with the expansion of the shrimp farm market of business partners, that is, Charoen Pokphand Foods Public Company Limited ("CPF"), which has plans to expand the business to the United States of America. Since the present shrimp farming in Southeast Asia is becoming increasingly difficult because the water quality is not as good as in the past affecting the future of shrimp farming business while America still has land that has not been developed in a better environment causing the trend of shrimp farming business in the United States of America will continue to grow in the future. CPF continues to develop shrimp aquaculture systems (RAS) to suit shrimp farming in the United States of America in areas that are far from the oceans and during seasonal weather changes.

The company considers that the wastewater treatment business in shrimp farm should focus on shrimp farming planning and the technology used. To ensure the highest quality of produce from shrimp farms and reduce the incidence of shrimp disease, in line with the guidelines of the Thai Shrimp Association that focus on sustainable shrimp farming methods and pay more attention to the quality of shrimp. The company considers that the use of water

treatment processes with ultrafiltration systems and disinfecting with ozone can answer both the problem of the epidemic and help increase the area for shrimp farming by reducing the area for ponds and using the shrimp instead of the area, also can develop the wastewater treatment business to treat the water in the circulating system that is beneficial to shrimp farming of business partners, that is to say, CPF to support international market expansion as well.

Procurement Procedure

The company has studied the wastewater treatment process in shrimp farms using ultrafiltration and ozone sterilization and has designed a system installation to present to the shrimp farm by entering into a contract with a manufacturer of reliable equipment and to certify the output from equipment used in the system such as in the ultrafiltration system by being a distributor of UF Membrane for treating waste water in aquaculture business from Toray Asia Pte. Ltd. (TAS) from Japan. Which can guarantee the quality of filtered water that will be free from organisms that are larger than 0.01 microns, resulting in increased survival rates of shrimp in the ozone disinfection. The company has selected products from many potential manufacturers and entered into an agreement with Xylem Water Solutions Singapore Pte. Ltd. for ozone products used in shrimp farms that the company has contracted with CPF by using Ozone, which has the ability to disinfect the process after filtration with UF Membrane, will help to ensure that the water coming out of the treatment system does not contain germs, which is good for customers' shrimp farming.

| | | | | | | |
|----------------------|---|---------------------------------------|--|--|---|----------------------|
| Applications | Ultrapure Water, Seawater Desalination, Advanced Water Treatment | Softening, Removal of Toxic substance | Municipal Drinking Water, Industrial Process Water, Wastewater treatment (AFTER biological treatment), Pretreatment for RO Process | Sewage & Industrial Wastewater Treatment WITH biological treatment | | |
| Size | 0.001μm | 0.01μm | 0.1μm | 1μm | 10μm | |
| Separation materials | <p>Ion, Low molecule weight substances → High molecular weight substances → Colloid → Clay</p> <p>Humic Substances</p> <p>Monovalent ions Multivalent ions Polysaccharides Viruses</p> <p>Trihalo methanes Agrichemicals Proteins Bacteria Coliforms Algae Cryptosporidium Protozoa</p> <p>Organic Substances</p> | | | | | |
| Types | Reverse Osmosis (RO)/ Nanofiltration (NF) | | Ultrafiltration (UF) | | | Microfiltration (MF) |
| Membrane products |  <p>RO membrane NF membrane</p> | |  <p>UF membrane (PVDF Hollow Fiber)</p> | |  <p>MF Immersed membrane for MBR (PVDF Flat Sheet)</p> | |

Properties of membranes used for water treatment of Toray Asia Pte. Ltd.

5. Industrial waste disposal business group

Universal Waste Management Company Limited ("UWM") is a full service industrial waste management service provider and related businesses covering industrial waste management and have been licensed to operate legally, expertise in hazardous industrial waste treatment (HAZARDOUS) and Harmless (NON-HAZARDOUS), including disposal (landfill) and high temperature burning.

UWM has investments in 2 subsidiaries which the nature of the subsidiary's business operations are as follows:

1. Asia Recycle Technology Company Limited is responsible for contacting customers and publicizing in order to dispose of industrial waste at the company's industrial waste treatment center in Chachoengsao province.

2. Asia Waste Management Company Limited is responsible for contacting customers and publicizing in order to dispose of industrial waste at the company's industrial waste treatment center in Chon Buri province.

License to operate the company's factory business with details as follows

No. 101 Industrial waste incinerator, both hazardous and non-hazardous.

No. 105 Provides sorting and landfill services for non-hazardous waste and landfill caused by the production process or the factory operations, stone scrap, sand, natural rubber scrap, plastic scrap or synthetic rubber scrap metal and alloy plant scrap, fabric or thread scrap, wood fragments, paper scrap, animal fat scrap, broken glass, glass, glazed tiles or ceramic and wastes or unused materials resulting from production processes or from factory operations in the following categories, types, ingredients or composition of sewage or unused materials as follows: sulfur dioxide sludge, dust from cement stoves, used abrasive sand, used sand from sockets, mud, slag, ash, tailings, sludge dewatering.

No. 106 Recycle used oil through industrial processes for reuse and making renewable fuels, adjusting the quality of unused materials as alternative fuels and substitute raw materials and producing mixed fuels.

No. 88 Generating electrical energy for use in the factory.

Treatment and management of industrial waste

UWM operates services for the treatment and disposal of sewage or unused materials and hazardous and non-hazardous industrial waste. Which will store industrial waste from customers' factories or other sources of waste. Then transported for treatment and disposal at the industrial waste treatment center In Chon Buri and Chachoengsao provinces.

Industrial Waste Treatment Center Chon Buri province. There are a total of 112 rai of sanitary landfill and secure landfill, which can support the service for approximately 35 years from the beginning of 2004 for the industrial waste treatment center in Chachoengsao. There are a total of 102 rai of sanitary landfill and secure landfill, which can support the service for approximately 35 years from the year 2008, and the company has purchased additional additional 215 rai around the original land to support as a future landfill and buffer zone for preventing the community from expanding near the project area.

UWM also has a business to get rid of harmful industrial waste by means of high temperature incineration and produce and distribute electricity. The 9.5 megawatts capacity is a business apart from waste treatment and industrial waste disposal activities. The total area of 40 rai, which can support the service for about 20 years and is in the process of being processed with various systems in operation as follows :

Stabilization system is the destruction of toxic waste with the method to adjust the acidity and alkalinity and through chemical processing to become solid before being safely landfill.

Secure Landfill System Landfill for hazardous waste through the process of stabilization and solidification the landfill structure is designed and paved with international standards. The landfill flooring system, both at the bottom and on the side of the landfill, has a special compacted clay layer and 8 different types of waterproofing materials before further disposal of hazardous waste in landfills.

Sanitary Landfill for supporting non-hazardous waste by designing the paving structure with special compacted clay and laying with 4 different types of waterproofing materials before placing non-hazardous waste into landfill.

Waste processing systems (3R System) recycled to benefit from waste by going through the process according to the method that is suitable for the characteristics of the

industrial waste to get replacement fuels and substitute raw materials without causing any impact on the environment and resulting in maximum benefits.

Laboratory Analysis The company has analytical laboratory that has been standardized and has been registered correctly with the Department of Industrial Works by providing services for the analysis of waste properties from customers factories by collecting waste samples for analysis in the laboratory. To find properties and methods of treating and eliminating existing pollutants both harmful and harmless to be correct according to the method without affecting the environment, occupational health and safety in the surrounding community.

Transportation The company has prepared transportation vehicles that are specifically designed by the company. That meets the standards in order to store industrial waste from customers which is a truck mounted with hydraulic systems in order to receive industrial waste transportation, the company has emphasized safety during transportation is important. The company therefore continuously provides training on procedures and safe operations for drivers, and drivers must obtain a Type 4 driver's license for the transportation of industrial waste and chemicals.

Sewage or garbage from various industrial plants both hazardous waste and non-hazardous. (non-hazardous waste) solid and liquid It may be sewage that can be reused or processed for renewable energy. In managing these sewage, the company pays attention to the consistency and convenience of customers as much as possible. The service must cover the management according to the law on waste disposal or unused materials in 2005, which is applicable to industrial plants nationwide, including sorting, storage, reuse, recycle, recovery, treatment, disposal or disposal by other methods which is self-disposal within the administrative center with landfill method managed and operated by a subsidiary company, Asia Recycle Technology Company Limited, Chachoengsao province and Asia Waste Management Company Limited, Chon Buri province or disposal to the Industrial Waste Management Center (Industrial waste incinerator) Chon Buri province.

Marketing and competition

Defining competitive strategies as follows

- Focus on providing services that are in line with the needs of the industrial sector that wants to provide complete industrial waste management services both treatment and disposal services and industrial waste processing for the benefit of renewable energy And the burning with high temperature kiln to generate electricity etc.

- Focus on safe and fast transportation services, in which the company has a special industrial waste transportation service that is compliant with the Hazardous Material Transport Act, such as having a Type 4 driver's license, permission to move and transport objects Hazard (Wor. 8) from the Department of Industrial Works etc.

- Creating satisfaction for customers from the service that meets international standards, the company still focuses on building good relationships with customers with fast service time and ready to provide advice and assistance to customers in various fields such as advice on industrial waste management in factories and organizing safety activities within the factory as well as promoting conservation and increasing green areas within the factory, etc., which makes the company able to maintain good relations with customers for a long and continuous time causing the company's customers disseminate information about services to other new customers causing interest in using the company's services in the future as well.

- Proactive marketing by targeting the company's marketing officers have a meeting, visit both among existing customers and various industrial factories by defining the marketing team in which the company's staff everyone has been trained and has received good service knowledge. To be able to give suggestions. In addition, the company has close coordination with various government agencies such as the Department of Industrial Works, Industrial Estate Authority of Thailand, Pollution Control Department, Local Administrative Organization Center, Office of Policy and Planning, etc., therefore helps government agencies to publicize the company's services to various industrial plants to be informed as well as the company has also received various news from government agencies throughout and can provide information on the operations of the company with government agencies being informed so that both parties' information is accurate, consistent and in accordance with the actual situation.

- Location of industrial waste management and management center Chachoengsao and Chon Buri provinces are considered appropriate. In the way that customers can save the cost of distance transportation of sewage from industrial plants for disposal especially large industrial plants in Bangkok and its surrounding provinces and the eastern region which is a factory that has sewage both non-hazardous and hazardous large quantity.

- Participate in social and community responsibility by promoting public relations for the public to understand the working process and environmental protection measures, which the company gives the opportunity to the general public, students, as well as officials from various industrial plants able to watch and listen to lectures about work at the Center for Administrative and Management at Chachoengsao province and the management center Chon Buri province which is considered a learning source for industrial waste disposal from real locations, which will help the general public to understand the work process which is to build a good relationship with the public in the long run.

Target group

The main target customers are customers in the central and eastern regions. The following are Northern and other regions. Customer groups are divided into 2 types as follows :

1. Groups located in industrial estates:

This group of customers is a medium to large factory. There are many types of industrial waste. There is a systematic management of industrial waste, including clear work teams. Have a document system and permission to take industrial waste out of the factory with procedures. There is a control to ensure the law and environment. Customers in this group are

- Industrial factories engaged in the production of rubber, synthetic resins, and plastics
- Industrial factories operating in the business of chemicals, chemicals or chemical materials.
- Various hospitals and health facilities
- Industrial factories conducting business related to petroleum products
- An industrial factory engaged in the business of lacquer oil, shellac, lacquer
- Petroleum Refining Industry
- Dyeing industry

- Glass and mirror industry
- Industrial factories operating in automobiles
- Waste from agricultural sector

2. Groups located outside the industrial estate:

This group of customers are small, medium and large factories with a variety of industrial waste located in the Bangkok and suburbs which are convenient for transportation. These factories are under the supervision of the Department of Industrial Works. In addition, there are customers who are government agencies and state enterprises, including laboratories of government agencies, universities and the Electricity Generating Authority of Thailand.

Price policy

Has a policy to set service rates by considering the operating costs plus margins, the service fee must be able to compare and compete with other operators. In the past, the service fee would include transportation costs and the service fee may be increased annually. However, due to the impact of oil prices, the company consider and revise the pricing policy of new customers by separating sewage disposal service fees and shipping costs apart which will be able to adjust the rates of each type to suit the actual costs.

Distribution channels

Have distribution channels by direct marketing through the company's sales representatives with a salesperson into each team to look after in different areas in which salespeople will be trained to have knowledge understanding of the nature and process of the service until being able to provide advice to customers from the work and good relations with various government agencies such as Department of Industrial Works, Provincial Industry Industrial Estate Authority of Thailand causing the company's reputation is generally accepted contributes to public relations and supporting various industrial plants use the company's services with further confidence.

Trends of occurrence and management of hazardous waste in 2020

At present, the amount of hazardous waste in Thailand is increasing every year. Since there is no proper disposal process, causing the amount of accumulated waste to increase in the past, important hazardous waste in Thailand had to be urgently disposed of, including hazardous waste from industries. Which amounts to 3 million tons per year. Hazardous waste from

the hospital, about 60,000 tons per year and the rapidly increasing electronic waste which is extremely dangerous if not properly disposed of 2 types of electronic waste in Thailand, type 1: electronic waste caused by households, there are about 400,000 tons per year, which can be partially separated from the community, and the private sector is to be disposed of by the recycle process, which causes pollution problems in the process. Eliminate leftovers from separation by affecting the sorting operator. The state agencies have been in operation for a while but have not yet been collected and disposed of properly since 2016 - 2019 is the import of electronic waste both legally about 1 hundred thousand tons per year and illegal smuggling up to 300,000 tons in 2017, therefore, the amount of hazardous waste in Thailand will reach 3.86 million tons per year, especially electronic waste that has up to 8 hundred thousand tons per year.

From the above reason resulting in an increase in the average amount of industrial waste every year In the long run, industrial waste management needs to be processed properly and legally which will be in line with the industrial waste management policy of the Department of Industrial Works, Ministry of Industry are promotion of the draft law to determine measures In order to push industrial waste into the system more efficiently, Universal Waste Management Company Limited is a company that has the process to eliminate and treat industrial waste by incineration with treatment system. Pollutants from the burning process according to EHIA international standards of Thailand and realize the role of being a part of society. To help reduce the impact on the environment caused by hazardous waste, that has increased in the future.

The business operations of waste disposal from industrial waste also receiving support from the government on waste to energy or using industrial waste as fuel for electricity generation which will result in better management efficiency and creating energy security for the country as well.

Procurement Procedure

Each year, UWM evaluates serviceability according to the filling weight of landfills. by calculating from the standard working time which is 8 hours per day Is the service of the company and may actually increase the working hours in order to meet the increased demand of the customers at certain times Therefore may cause the company actual service capacity is greater than the estimated service capacity assessed. Actual service volume of sewage more than the estimated service capability without any effect to the structure of landfills or the environment

since it is an additional operation to provide more services to customers only It may only affect the service duration of landfill service which may cause landfill areas to be fully utilized faster than previously estimated, which is 35 years from the date of operation.

For the transportation of waste or unused materials, Asia Recycle Technology Company Limited ("ART") and Asia Waste Management Company Limited ("AWM"), a subsidiary company, will carry out transportation management and planning by using the company's transportation vehicles which can classify the types of transportation vehicles as follows :

1. Roll-off truck for transportation of sewage generally, it has the capability to support around 10 tons of weight.
2. Tanker Truck for the transportation of sewage or unused materials in a semi-solid form with a capacity of 12 - 15 cubic meters.
3. Trailer Tank for transporting sewage or unused materials that are solid, capable of carrying around 31 tons of weight.
4. Ten-wheeled vehicles with cranes for transportation of solid waste and unused materials and packed in containers for easy transportation Capable of carrying around 10 tons of weight.

For containers, sewage or unused materials, the company will have a variety of sizes. Whole steel tank size 1 ton 2 ton steel drums, 10-12 ton steel drums and 1 ton large bags which are suitable for different types of sewage or unused materials and suitable for the needs of each type of customer.

Risk Factors

The company gives importance to risk management in order to manage the risk that affects the achievement of the company's objectives by reducing the chance of risk or impact if the risk occurs. In order to obtain opportunities and ways to conduct business, which will lead to creating more value for the company. The risk management of the company is under all levels management and under the supervision of the Executive Board. Risks that might affect the company's business is as follows :

1. Strategic risk

1.1 Risk from investment management

The company has invested for continuously to expand the business. Including finding ways to invest in new businesses to create value for the company which the risk from investment may cause the return to not meet the target or there may be a delay or use of funds that are higher than the budget set. Therefore company has set an investment policies as a guideline for the Board of directors, Board of Executives, Managements and employees who manage company investments, carefully in creating an appropriate return for investment, accordance with the company's strategy, policy, and work plan. There are criteria on investment and the company has assigned the Executive Committee to monitor the operations of Investing and monitoring changes in various factors that may cause the return on investment to not meet the target. Regularly in order to solve problems that may occur quickly and efficiently.

1.2 Human resource management risk and personnel development

The company has continuously expanded the business. Personnel, which are important factors for operations, are therefore considered as part of the company pays attention. Therefore the company has improved the recruitment process, including review Organizational structure and analyze the demand plan manpower and personnel development plan in line with the business growth, according to the strategic plan, to support future business expansion. The company has prepared budgets for employees training to improve the abilities of employees, focusing on development training that is suitable and responding to various needs from expanding plan of the company's business.

2. Operational risk

2.1 Risk from fluctuations in oil and natural gas prices

The price of oil and natural gas fluctuates depending on the world market which could be affect to the operating and return on investment. The company has set a policies to manage the risk of raw material prices, both the purchase and sale prices by setting the target of the price,

quantity and time appropriately, including management warehouse efficiency to alleviate the risk that may arise from price changes in the world market.

2.2 Risk from procurement of LPG

The procurement of LPG for distribution in the service station must be made from the seller of Article 7 only. Diversify the risk of procurement of LPG from many section 7 vendors that are alliances of the company. In addition, the prices, quality and distance of transportation are compared for efficient management and the right amount of gas to be purchased, covering the stations of the customers. At present, the company has good trading partners with many Article 7 oil traders, ensuring that the amount of LPG can be supplied at the time of need and the company had never encountered any problems in procurement of LPG from the refusal of a large dealer.

2.3 Risk from land lease to operate

Star Gas Company Limited entered into a long-term land rental agreement for operating a LPG service station with an average lease period of 10-15 years with a business or third party to operate a LPG service station. If the landowner does not renew the said lease, the company will cause be affected in business operations. However, the management has a good relationship with the land owner with regular rental payments paid on time, in addition, most of the lease agreements are long term contracts that are allowing the company to have time to find a suitable new location.

2.4 Accident risk in transportation and LPG service stations

The company has a subsidiary company that operates LPG transportation business and has vehicles that specifically used for LPG transportation, which could be cause accidents and damage to the group of companies. In which transport vehicles have been regularly inspected by the Department of Land Transport and equipped with GPS to be able to track the location of the transportation vehicles. In addition, the drivers of the subsidiary companies are trained and licensed strictly in accordance with government regulations as well as having insurance to cover all risks by having insurance for property and insurance risks Third party responsibility category to reduce the effects that may occur on the company. Currently, there is insurance for all trucks, as well as training employees to check the safety of service stations every day and promoting the project to increase understanding of perform duties properly.

2.5 Risk of raw materials and machinery in bio-power plants

Bio-power plants use waste water and pulp from palm plants as raw materials which the quantity received will be different, according to the season of palm production, including the quality of waste water and waste that cannot be used to generate electricity efficiently. However,

the company plans to produce full power during the high palm oil production period to compensate a period of low production and also looking for additional sources of new raw materials all the time and improve the efficiency of the production system Electricity in order to be able to use the most raw materials.

The machinery in the bio-power plant has a maintenance period of approximately 30 days per year, resulting in lost revenue and because it is machinery imported from foreign countries, the damage of parts must take time to order spare parts. The company manages the maintenance period by rotating the maintenance cycle of each machine for other machines to run additional machines to compensate for the lost revenue from the machines that are undergoing maintenance. Sparing parts, the company has ordered parts that are prone to wear and tear, as a backup to reduce the time for replacing or repairing those parts in addition, the biomass power plant in the southern region Although the southern region has agricultural areas that grow rubber trees, which is the main extinguisher for power generation in power plants. However, in the vicinity of the power plant area of the company in the southern region, there are quite a lot of biomass power plant businesses. Therefore, the impact of raw material problems may not be sufficient. However, the company has entered into a fuel supply contract with a nearby sawmill operator to support their risk.

2.6 Risk of water quality and quantity after treatment process

The company has a contract that guarantees water quality through a treatment process. Including the amount of water that must be met. If the quality of water does not meet the contract and the quantity received is not as agreed, the customer has the right to refuse to receive water or have the right to cancel the contract. The company therefore regularly collects water samples to measure the quality according to the standards, together with managing the transfer of the risk to the equipment manufacturers that the company imports for the treatment process by entering into a contract to certify the water quality used the technology of those manufacturers and manufacturers and also agreeing with the minimum water receiving conditions from customers in order to guarantee the company's revenue.

2.7 Risk from changes in telecommunications technology

The rapid change of telecommunications technology have a significant impact on the product. The company therefore has a policies of providing quality products and services, such as be modern at a fair price, to meet the needs of customers in both government agencies and private businesses. The company's products are manufactured from certified factories production quality according to international standards. The company is both a direct importer and a distributor of famous products. The world's leading brands are Motorola, which the company has

been appointed as a distributor and service center from Motorola Inc., for Trunk Radio products, since 2003, as well as being appointed as a distributor for leading brands such as IntelliVision, ZETRON, HUAWEI, VERTEX STANDARD, TELTONIKA, LINYANG, J-SOLAR.

In addition, the company also focuses on increasing the skills of engineers to meet international standards by arranging internal training for employees to transfer knowledge and new information technology including the expansion of knowledge from new technology education, continuously in foreign countries, to enhance the knowledge and expertise of the company's personnel, which will lead to added value and building confidence for the customers of the company in the long run.

2.8 Risk of industrial waste treatment and disposal

The business growth in the industry within the country has increased dramatically which causes the amount of industrial waste to increase by the government, therefore attaching importance to the disposal of industrial waste in the right way in order to preserve natural resources and environment of the country to be sustainable, resulting in more new entrepreneurs interested in entering the industrial disposal business in the amount of competitors in this type of business, offering a low price and offering a low price is therefore a strategy of the sales of competitors. The marketing team therefore focuses on aggressive marketing. The goal is to find new customers in various industrial groups that have the opportunity to use the company's services and the company also attaches importance to competitive advantage which the company still focuses on provide quality service. It is important to consider the confidence in delivering industrial waste to customers. In addition to entering industrial waste treatment industry, it need to be certified by EIA, which is a significant limitation for new entrepreneurs.

2.9 Risk of accidents during the transportation of industrial waste

Providing industrial waste disposal services must be responsible for damages, beginning with the process of receiving industrial waste from the client's factory to the industrial waste treatment center in Chachoengsao and Chon Buri province for transportation is important in providing services. If the transportation has an accident and there is a chemical spill, the operation of the company will be disrupted, so the company is aware these. Therefore have insurance for coverage of damage that may occur. The insurance policy covers the damage to life, health, and various assets to third parties affected by the incident including the protection and care for restoration of natural resources damage until the conditions are as before, with the sum insured is not more than 30 million baht each time the accident occurs by assessing that the value. The insurance covers sufficient and appropriate damage to the company and the company has installed GPS travel logger for tracking and checking routes, speed, duration of transport at all

times and increasing safety throughout the route. The company's industrial waste transportation driver must receive a type 4 driving license for the transportation of hazardous materials. In addition, the company organized training to educate transport drivers, rehearsing emergency response plans demonstrating the importance of the process of moving and transporting industrial waste to have being aware of the effects that may occur.

2.10 Safety, Occupational Health, Environment and Community Risks

Industrial waste disposal services must be approved in the Environmental Impact Assessment (EIA) report from the Environmental Policy Office. Ministry of Natural Resources and Environment, if the service fails Government standards will affect public health, the environment and communities. The company will be complained from those who have been damaged the most severe case is the revocation of the license until the problem is resolved which will affect to the company's revenue. Therefore, the company be aware of the risk, there are measures to reduce the risk by giving importance every step of operation, beginning in the transportation process, treating and disposing of industrial waste to meet standards, including control and surveillance to the environmental, impacted by having a report on the implementation of preventive and mitigation measures environmental impact and environmental quality monitoring measures as required by law, give knowledge and understanding to employees at all levels by regularly providing safety and environmental training Including preparation in emergencies such as fire drills and fire evacuations, setting up an emergency team to assist in an accident with the distribution of chemicals. The company has publicized by providing knowledge and understanding to the public about the company's industrial waste treatment process, including providing support and participation in activities of nearby communities and cooperate with various government agencies in which the company has a policy of continuing activities.

2.11 Corruption risk

The company has operated in many areas which require contacting with the government agencies. There may be a risk which is relevant to giving or acceptance of bribery and all forms of corruption, directly and indirectly, also established an anti-corruption policy as a written practice and raising awareness to all relevant parties and levels. In order to refuse and not be involved in corruption, it has announced an intention to join the Collective Action Coalition Against Corruption (CAC) and is committed to requesting certification from this project. To ensure that all parties involved can be confident that the company will conduct business transparently, fairly and not to interfere with any form of corruption

3. Financial risk

3.1 Funding Risks

The Company continuously invests in businesses, which requires a large amount of investment or sometimes there are the need to increase financial liquidity in business operations. Therefore, the company has financial planning and use the Finances tools, whether borrowing from financial institutions, Issuance of warrants to purchase ordinary shares of the company (Warrant) in order to be able to find sufficient funds and in time

3.3.2 Risk of financial support to affiliates

The company has affiliated companies that require investments in business operations. The financial status is not strong enough, therefore, the company needs to provide financial support to enhance the operational liquidity for the affiliates so that the affiliates can proceed according to the plan, the company will follow up the repayment period closely affiliated companies, in order to maintain the financial discipline and build the company's sustainable financial strength.

4. Risk of compliance with relevant laws, rules and regulations

The company operates in various businesses. In each business, there are laws, rules, and regulations in business operations which the company values and adheres to strictly. Due to actions that violate or are against the laws, rules and regulations Related Inevitably has a direct impact on business operations and the company has followed up changes in laws, rules, and regulations regularly to enable the operator to work correctly.

Major Shareholders

The top 10 shareholders as appeared in the share register of the company as of December 31, 2019 are shown below:

| No. | List of shareholders | Number of shares | % Shareholding |
|--------------|-----------------------------|----------------------|---|
| | | | (Book Closing Date as of 24 March 2020) |
| 1. | Mr. Rachata Pumpanmuang | 243,000,000 | 8.021 |
| 2. | Mr. Suvicha Panichpol | 140,954,800 | 4.653 |
| 3. | Mr. Wirot Nookamdee | 120,282,500 | 3.970 |
| 4. | Ms. Napatsanan Wongthaninya | 101,466,733 | 3.349 |
| 5. | Mr. Tirapol Noparumpa | 100,000,000 | 3.301 |
| 6. | Mr. Tharatip Tarathamrat | 100,000,000 | 3.301 |
| 7. | Mr. Chaowarat Wespinyo | 100,000,000 | 3.301 |
| 8. | Ms. Ploysongsang Noparumpa | 80,000,000 | 2.641 |
| 9. | Ms. Thitiporn Phetlohakul | 71,110,000 | 2.347 |
| 10. | Mr. Tim Noparumpa | 70,000,000 | 2.311 |
| Total | | 1,026,814,033 | 33.894 |



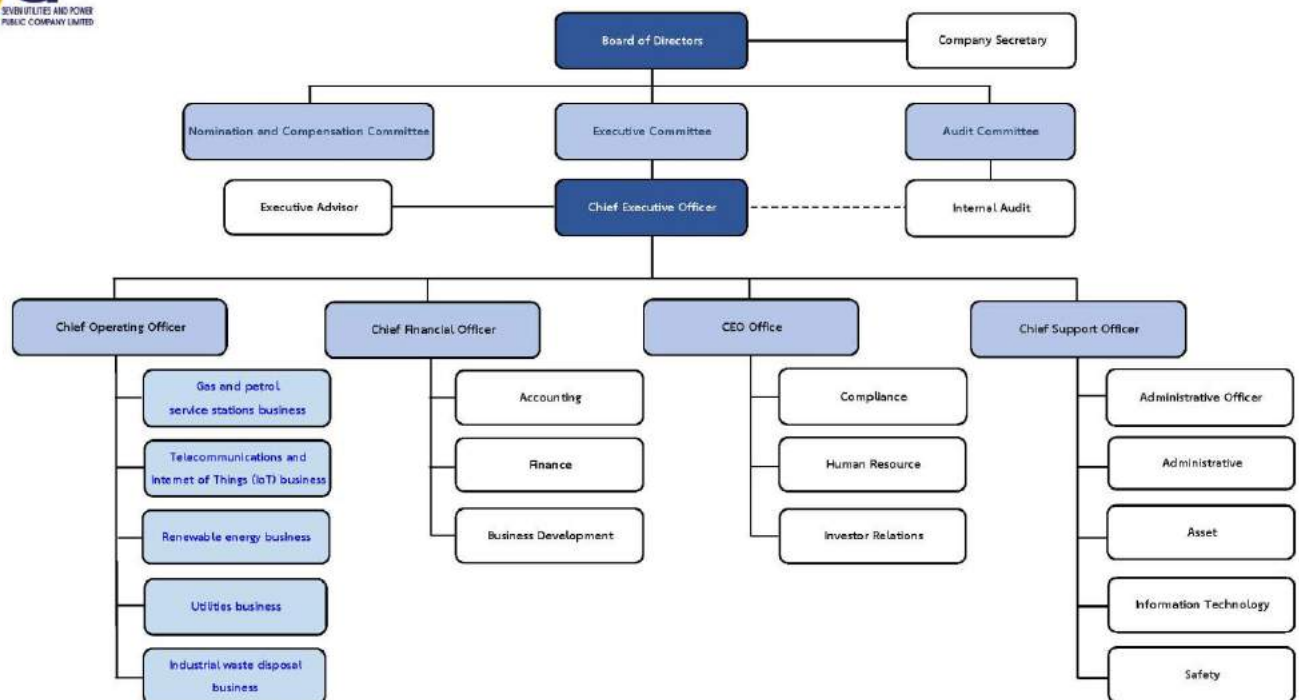
Corporate Governance

Management Structure

The company has an obvious management structure in order to ensure proper management which can be examined. The Board of Directors monitored and supervised the implementation of the company's policy, work plan, strategy including the separation of roles and responsibilities between the board and management clearly. Therefore, the organizational management structure is as follows



Management Structure of Seven Utilities and Power Public Company Limited



7UP Board of Directors

Squadron Leader Sita Divari

Chairman of The Board of Director
Independent Director



Education

Air Command and Staff College (RTAF)
Squadron Officer School
Bachelor of Science, Royal Thai Air Force Academy
Military School

Experience

| | |
|-------------|---|
| Present | Chairman of The Board of Directors, Independent Director Seven Utilities and Power Public Company Limited |
| 2013 - 2014 | Chairman of The Board of Directors Eastern Water Resources Development and Management Public Company Limited |
| 2013 - 2014 | Chairman of The Board of Directors Airports of Thailand Public Company Limited |
| 2012 - 2014 | Advisor to the Minister of Interior |
| 2005 - 2006 | Secretary to The Minister of Agriculture and Cooperatives |

Training Courses

Director Certification Program (DCP) #178 / 2013
Top Executive Program, Capital Market Academy (Class 16)
Digital Transformation for CEO #1 (DTC #1)

Mr. Torphong Chaiyasarn

Independent Director
Chairman of the Audit Committee



| | |
|-------------------------|---|
| Education | <p>The American College LA, (BBA, 1992 - 1994)</p> <p>The American College London (MBA, 1994 - 1995)</p> <p>Master of Public Administrative (1999 - 2001)</p> |
| Experience | |
| Present | <p>Independent Director, Chairman of the Audit Committee</p> <p>Seven Utilities and Power Public Company Limited</p> |
| 2011 | Deputy Minister of Public Health |
| 2008 - 2011 | President of the Commissioner of Foreign Affairs, House of Representatives |
| 2003 - 2005 | Deputy Government Spokesperson in the government of Pol.Lt.Gen.Thaksin Shinawatra |
| 2001 - 2011 | <p>Member of Parliament, Udon Thani Province, Thai Rak Thai Party</p> <p>Credit analyst, Assistant Manager Regional Credit Department</p> |
| 1996 - 2003 | Thanachart Securities Public Company Limited |
| Training Courses | Digital Transformation for CEO #1 (DTC #1) |

Mr. Preecha Laohapongchana

Independent Director
Chairman of Nomination and Compensation Committee
Audit Committee



| | |
|-------------------|--|
| Education | Master Degree in Law, Chulalongkorn University |
| Experience | Bachelor Degree in Law, Chulalongkorn University |
| Present | <p>Independent Director, Chairman of Nomination and Compensation Committee, Audit Committee</p> <p>Seven Utilities and Power Public Company Limited</p> <p>Director</p> <p>Bangkok Genomics Innovation Company Limited</p> |
| 2005 – 2006 | <p>Deputy Minister of Commerce</p> <p>Deputy Minister of Foreign Affairs of Thailand</p> |
| 1998 – 1999 | Deputy Minister of Industry |



Mr. Ekatip Tippavang

Independent Director
Audit Committee

Education

Master Degree in Business Administration (Accounting)
Ramkhamhaeng University
Bachelor of Business Administration Program in Accounting
Assumption University

Experience

| | |
|-------------|---|
| Present | Independent Director, Audit Committee, Nomination and Compensation Committee Seven Utilities and Power Public Company Limited Deputy Managing Director RJ Energy Company Limited |
| 2014 – 2015 | Managing Director We Love Accounting Company Limited |
| 2013 – 2014 | Deputy Managing Director Thanamitr Consultants Company Limited |

Training Courses

Director Accreditation Program (DAP) Class #149 / 2561



Mr. Sittichai Kritvivat

Director

Nomination and Compensation Committee

Chairman of Executive Director

Chief Executive Officer

Education

Master Degree in Business Administration (Finance)

Western Michigan University, United States of America

Bachelor of Business Administration in Marketing, (Second Class Honors)

Chiangmai University

Experience

Present

Director, Nomination and Compensation Committee

Chairman of Executive Director and Chief Executive Officer

Seven Utilities and Power Public Company Limited

2018 - 2019

Senior Deputy Chief Executive Officer

Nusasiri Public Company (Limited)

2018 - 2019

Risk Management Committee

Tune Insurance Public Company Limited

2016 - 2018

Deputy Chief Financial Officer

United Power of Asia Public Company Limited

2013 - 2016

Executive Vice President (CFO) Accounting, Finance & Investment

Training Courses

Director Certification Program (DCP 205)

Chief Transformation Officer



Mr. Chanin Kiatthaveepong

Director / Executive Director

| | |
|-------------------------|---|
| Education | Bachelor of Business Administration Program in Finance and Banking Assumption University |
| Experience | |
| Present | Director, Executive Director Seven Utilities and Power Public Company Limited |
| 2015 – 2017 | Managing Director Star Gas Company Limited |
| 2012 – 2015 | Managing Director Assistance Sukhothai Grand Estate Company Limited |
| 2006 – 2012 | Deputy Director of Administrative Office Energy Absolute Public Company Limited |
| Training Courses | Director Accreditation Program (DAP) Class #149 / 2018 |

Mr. Mana Kitirat

Director / Executive Director



| | |
|-------------------------|---|
| Education | Ph.D. Water Engineering and Management, Asian Institute of Technology (AIT) Bachelor of Engineering Program in Environmental Engineering (KMUTT) |
| Experience | |
| Present | Director, Managing Director Seven Utilities and Power Public Company Limited |
| 2018 – Present | Director Universal Waste Management Company Limited Director |
| 2015 – 2018 | Project Manager Central Hydro Company Limited |
| 2012 – 2014 | Independent Engineer |
| 2008 – 2012 | Environmental Engineering Brunel Energy (Thailand) Company Limited |
| 2008 – 2008 | Environmental Engineering United Analyst and Engineering Consultant Company Limited / Environmental Engineering |
| 2005 – 2008 | Water Source Engineer Panya Consultant Company Limited |
| 1996 – 2003 | Environmental Engineering |
| Training Courses | Directors Accreditation Program (DAP) Class #168 / 2020 |

Mr. Chalermchai Mahagitsiri

Director



Education

Master Degree in Financial Economics
Boston University, United States of America
Bachelor Degree in Finance
Suffolk University, United States of America

Experience

| | |
|----------------|---|
| 2018 - Present | Director Seven Utilities and Power Public Company Limited |
| 2013 - Present | Chairman of the Board of Directors PM Thoresen Asia Holdings Public Company Limited |
| 2012 - Present | Chairman of the Board of Directors and Chief Executive Officer Thoresen Thai Agencies Public Company Limited |
| 2012 - Present | Executive Vice President Mermaid Maritime Public Company Limited |
| 2012 - Present | Vice President Unique Mining Services Public Company Limited |
| 2011 - Present | Director Posco - Thainox Public Company Limited Vice President Thai Film Industries Public Company Limited |
| 2009 - Present | Director and Assistance Vice President Posco -Thainox Public Company Limited |

Training Courses

Director Certification Program (DCP) Class #53 / 2005
Director Accreditation Program (DAP) Class #30 / 2004
Top Executive Program, Capital Market Academy
(CMA) Class #17 / 2013

Corporate Governance

Corporate Governance Policy

The company is aware of the importance of good corporate governance in order to have a suitable management system. The executive committee and the company's executive have vision and the responsibility to maintain a mechanism for checks and balances within the Company to ensure transparency. Therefore, the principles of good corporate governance are implemented within the company which is considered as an important part in bringing about business success and to maximize benefits for all stakeholders. As a result, the company has established a policy regarding corporate governance by covering important principles in rights and equality of shareholders, consideration of the roles of stakeholders, information disclosure and transparency, structure, role, responsibility and independence of the board, internal control and risk management.

The company adheres to the good corporate governance policy in order to be a framework for conducting business with morality for a good image, as well as closely monitoring the company's performance. In addition, the company has established a policy of providing appropriate compensation to the board of directors, executives, and employees in order to ensure fairness and co-ordination of mutual benefits with shareholders which will lead to increased investment value for shareholders.

Board of directors

As of December 31, 2019, the board of directors consists of 8 members who do hold in managing positions 3 members, do not hold in managing positions 1 member and independent directors 4 members as followed:

| Name | Position |
|--|---|
| 1. Squadron Leader Sita Divari | Chairman/ Independent Director/ Authorized director |
| 2. Mr. Torphong Chaiyasarn ¹ | Chairman of the Audit Committee/ Independent Director |
| 3. Mr. Preecha Laohapongchana ² | Chairman of Nomination and Compensation Committee/ Audit Committee/ Independent Director |
| 4. Mr. Ekatip Tippavang | Director/ Audit Committee/ Nomination and Compensation Committee |

| Name | Position |
|--|--|
| 5. Mr. Sittichai Kritvivat ³ | Director/ Nomination and Compensation Committee/ Chairman of Executive Director/ Authorized director |
| 6. Mr. Chanin Kiatthaveepong | Director/ Executive Director/ Authorized director |
| 7. Mr. Mana Kitirat ⁴ | Director/ Executive Director/ Authorized director |
| 8. Mr. Chalermchai Mahagitsiri | Director |
| 9. Mr. Nitipat Amnatthaloengsak ⁵ | Chairman of the Audit Committee/ Chairman of the Nomination and Compensation Committee/ Independent Director |
| 10. Mr. Chinawat Assavapokee ⁶ | Director |
| 11. Mr. Vorachai Katethong ⁷ | Director/ Executive Director |
| 12. Mr. Chaiyos Rungcharoenchai ⁸ | Audit Committee/ Independent Director |

Remark:

¹**Mr. Torphong Chaiyasarn** was appointed Director at the Board of Directors' meeting No. 7/2019, held on May 5, 2019 and appointed Chairman of the Audit Committee, Independent Director at the Board of Directors' meeting No. 12/2019, held on October 17, 2019.

²**Mr. Preecha Laohapongchana** was appointed Audit Committee, Nomination and Compensation Committee, Independent Director at the Board of Directors' meeting No. 9/2019, held on August 14, 2019 and appointed Chairman of Nomination and Compensation Committee at the Board of Directors' meeting No. 12/2019, held on October 17, 2019.

³**Mr. Sittichai Kritvivat** was appointed Nomination and Compensation Committee, Chairman of Executive Director at the Board of Directors' meeting No. 12/2019, held on October 17, 2019.

⁴**Mr. Mana Kitirat** was appointed Director, Executive Director at the Board of Directors' meeting No. 9/2019, held on August 14, 2019.

⁵**Mr. Nitipat Amnatthaloengsak** was resigned from being a Chairman of Audit Committee, Chairman of Nomination and Compensation Committee, Independent Director on November 1, 2019.

⁶**Mr. Chinawat Assavapokee** was resigned from being a Director on February 27, 2019.

⁷**Mr. Vorachai Katethong** was resigned from being a Director on May 30, 2019.

⁸**Mr. Chaiyos Rungcharoenchai** was resigned from being a Director on July 30, 2019.

Authorized Signatory Directors

Authorized Director is Squadron Leader Sita Divari or Mr. Chanin Kiatthaveepong co-sign with Mr. Mana Kitirat or Mr. Sittichai Kritwiwat and affix the company's seal.

Authority, Duties and Responsibilities of the Board of Directors

The Board of Directors' role in governance in conformity with the goals and guidelines for the benefit of its shareholders by considering the benefits of all stakeholders, not seeking benefits for oneself or anyone, and do not take any actions of conflict or a competition with the benefits of the company and its subsidiaries by adhering to good ethics, perform duties responsibly, caution and honesty including the operation of the business in compliance with the objectives, the regulations of the company, board's agreement, conclusion of shareholders' meetings, as well as laws, rules and regulations of the Stock Exchange of Thailand and The Securities and Exchange Commission.

The company has assigned directors' authority, duties and responsibilities as follows;

- 1) Act responsibly, caution, honesty in accordance with the law, objectives and regulations of the company as well as board' agreement and the conclusion of the shareholders' meetings.
- 2) Set objectives, goals, visions, strategies, work plans, organizational structure and the company's budget including the supervision of the management to adhere to the policy effectively and efficiently.
- 3) Consider the appointment of directors in place of those resigned by rotation including considering the compensation of directors and propose to the shareholders' meeting for approval.
- 4) Consider the appointment of the Executive Committee, Audit Committee and various sub- committees to oversee the management system and internal control systems to be in accordance with the prescribed policies.
- 5) Consider the appointment of senior management and company secretary including determining compensation.
- 6) Consider or change the names of the authorized directors under the laws and regulations of the company.

7) Consider and approve the important transactions in accordance with authority, duties and responsibilities of the board including approval of the transactions to acquire or dispose of assets and the related transactions. Unless such transaction has to be approved by the shareholders' meeting.

8) Arrange an accounting system, reliable financial report and auditing including overseeing the process of assessing the suitability of internal control and internal audit for efficiency and effectiveness, financial report and monitoring.

9) Consider the selection and appointment of auditors and consider the appropriate compensation proposed by the audit committee before presenting to the shareholders' meeting in the annual general meeting for approval.

10) Organize operations in accordance with the principles of good corporate governance and support communications to employees at all levels in the organization to be aware and adhered strictly.

11) To oversee the establishment of anti-corruption policies and practices strictly comply with policies and measures as well as encouraging communication both inside and outside the organization for exact practice.

12) Review and revise the board of directors' charter annually.

Sub-Committees

Board of Directors Structure consists of 3 sub-committees which are Executive Committee, Audit Committee, Nomination and Compensation Committee

Executive Committee

As of December 31, 2019, the Executive Committee consists of:

| Name | Position | Attendance/No. of Meetings |
|------------------------------|--------------------------------|----------------------------|
| 1. Mr. Sittichai Kritvivat | Chairman of Executive Director | 18 / 18 |
| 2. Mr. Chanin Kiatthaveepong | Executive Director | 18 / 18 |
| 3. Mr. Mana Kitirat | Executive Director | 8 / 8 |

Authority, Duties and Responsibilities of the Executive Committee

The Executive Committee has the following authority and responsibilities:

- 1) Perform duties within the scope of laws, objective, regulation, policy as well as resolutions of the Board of Directors meeting and/or the resolution of the shareholder meeting.
- 2) Propose policy, goal, business plan, business strategy, Organizational Structure, Annual budgeting, Investment plan, Business expansion, Financial plan, Human resource management policy, as well as scrutinizing the management's proposal to propose to the Board of Directors for approval.
- 3) Control the business operations to be in accordance with the policy, goal, strategy, operational plan and annual budgeting that approved by the Board of Directors.
- 4) Review and approve transactions relate to investment and acquisition and disposal of assets under the authority, including manage the investment of the company effectively in order to maximize the benefits for shareholders.
- 5) To consider and approve spending in general operation but not exceeding the budget approved by the Board of Director, including approving significant investment expenditures which are set out in the annual expenditure budget as assigned by the Board of Directors or as approved by the Board of Directors in principle.
- 6) To approve the opening / closing / editing and managing deposit accounts with financial institutions both domestic and international by considering to be suitable for overall financial management.
- 7) Define organization structure and management covering the selection, training, hiring, appointment, transfer, dismissal, determination of wages, reward, adjustment of salary, compensation, bonus of all employees which is lower than the Chief Executive Officer.
- 8) To approve loans, credit line or requesting any credit, pledging mortgages, guarantee, trading/registering land ownership, including entering into contracts relating to normal business operations of the Company under the approval authority or as approved by the Board of Directors in principle.
- 9) Supervise and monitor the operating results and financial status of the company and subsidiaries and report the performance and financial status to the Board of Directors on a regular basis.

10) Consider performance and proposing an interim dividend and annual dividend to the Board of Directors for approval before propose to the shareholders' meeting.

11) The Executive Committee may hire an advisor or an independent person to give opinion as necessary.

12) Review the Executive Committee Charter. The revised charter must be approved by the Board of Directors.

13) Requirements concerning approval of credit limit for normal business transactions or transactions that bind the Company are as follows:

| Position | Approval amount |
|--------------------------------|-----------------------|
| Chairman of Executive Director | Up to 1 million Baht |
| Executive Committee | Up to 20 million Baht |
| Board of Director | No limit |

14) Perform any tasks as assigned by the Board of Directors.

The delegation of authority and responsibilities to the Executive Committee shall not be in such a manner that allows the Executive Committee or the authorized person to authorize transactions which he/she has vested interest in, or may be in conflict with the Company or subsidiaries unless the transactions are authorized in accordance with the policies and guidelines approved by the Board of Directors. In addition, such approval must be proposed to the meeting of the Board of Directors and/or meeting of the shareholders for approval according to the regulations of the Stock Exchange of Thailand, the Securities and Exchange Commission and applicable legal requirements.

Authority, Duties and Responsibilities of the Chairman of Executive Director

1) To provide guidance to policy-oriented business strategy, business plan and budget and propose to the Board of Directors for approval.

2) Control the business in accordance with the policy, strategy and operation direction of the Board of Directors.

3) Perform other duties as assigned in each period from the Board of Directors and the Executive Committee.

4) Complying with the voted of the shareholders' meeting and the voted of the Board of Directors in accordance with the law, honesty and caution protect the benefits of the company also must comply with the law, objectives and company regulations.

5) Manage organization structure to be efficient, promote and develop the capability of executives and employees also harmonize within the organization.

6) Promote and develop business management under the principles of good corporate governance and receiving mutual benefits.

7) Deciding on important matters of the company, defining the mission, objectives, guidelines, and policies of the company including overseeing overall operations, customer relationship and responsible to the Board of Directors.

8) The power to hire, appoint, remove, dismiss, terminate, the wage rate, rewards, increase salary, compensation, bonus, and look after welfare regarding all the employees of the company.

9) The power to approve and authorize the disbursement for procurement of assets and services for the benefits of the company which the authorization will be the approval of normal general business transaction with no significant. However, the significant transactions will be under the authority of the Executive Committee.

10) The power to commands, regulations, announcements, memorandum for the operations to be in accordance with the policies and benefits of the company and maintain discipline working within the organization.

11) The power to act and represent as a behalf of the company to external parties in related businesses that are beneficial to the company.

However, the authorization given to the Chief Executive Officer mentioned above does not include the authorization that makes the Chief Executive Officer able to approve transactions in which oneself or persons with potential conflicts of benefits or may have conflicts of benefits in any other way with the company or subsidiaries including require approval from the executive directors or shareholders, also in the related transactions and the acquisition or disposition of important assets of the company or subsidiaries to comply with the regulations of the Stock Exchange of Thailand.

Audit Committee

As of December 31, 2019, the Audit Committee consists of 3 members who do not hold managing positions and are independent directors:

| Name | Position | Attendance/ No. of Meetings |
|-------------------------------|--|--------------------------------|
| 1. Mr. Torphong Chaiyasarn | Chairman of the Audit Committee/ Independent Director | 1 / 1 |
| 2. Mr. Preecha Laohapongchana | Audit Committee/ Independent Director | 1 / 1 |
| 3. Mr. Ekatip Tippavang | Audit Committee/ Independent Director | 4 / 4 |

Authority, Duties and Responsibilities of the audit committee

1) To ensure that the Company's financial reporting is accurate and adequate, sufficient disclosure of information in accordance with accounting standards.

2) To ensure that the company's internal control and internal audit systems are appropriate and effective, to consider the independence of the Internal Audit department and to give its opinion on the appointment, transfer or dismissal of the Head of the Internal Audit Department or such other department as has responsibility for internal audit.

3) To ensure that the Company operates in accordance with the law relating to securities and the stock exchange and with regulations of the Stock Exchange and laws relating to the company's business.

4) To consider related party transactions and transactions likely to give rise to a conflict of interest, so as to ensure that they are conducted in accordance with the law and with regulations of the Stock Exchange of Thailand so as to provide confidence that such transactions are fitting and proper and in the company's best interests.

5) To consider the selection and nomination of independent individuals to perform duties as the company's auditors, and to propose their compensation; to attend meetings with the auditors, without management departments being present, at least once a year.

6) To deliver a report on the Audit Committee's activities for publication in the company's annual report, such report to be signed by the Chairman of the Audit Committee and must contain at least the following information:

- Its opinion on the accuracy, completeness and reliability of the company' s financial statements.
- Its opinion on the adequacy of the company's internal control system.
- Its opinion on the company's compliance with the law relating to securities and the stock exchange and with regulations of the Stock Exchange and laws relating to the company' s business.
- Its opinion on the suitability of the auditors.
- Its opinion on likely to give rise to a conflict of interest.
- The number of times the Audit Committee has met, together with individual attendance details.
- Its opinion or general observations based on the performance of its duties as per its charter.
- Any other matters that it considers shareholders and investors generally should know within the scope of action, duties and responsibilities assigned to it by the company's Board of Directors.

7) Review the Audit Committee Charter annually. The revised charter must be approved by the Board of Directors.

8) To carry out any other duties assigned to it by the company's Board of Directors with the agreement of the Audit Committee.

Nomination and Compensation Committee

As of December 31, 2019, the Nomination and Compensation Committee consists of 3 members:

| Name | Position | Attendance/ No. of Meetings |
|-------------------------------|---|--------------------------------|
| 1. Mr. Preecha Laohapongchana | Chairman of Nomination and Compensation Committee | 1 / 1 |
| 2. Mr. Ekatip Tippavang | Nomination and Compensation Committee | 4 / 4 |
| 3. Mr. Sittichai Kritvivat | Nomination and Compensation Committee | 1 / 1 |

Authority, Duties and Responsibilities of the Nomination and Compensation Committee

1. Set up regulations and policies
 - Set up policies in nomination of directors, committee members or executives from senior managers onwards by considering the appropriateness to the organizational structure, knowledge and experience, and specialization to propose to the Board of Directors or to the shareholders
 - Set up compensation policies for directors, committee members, and executives from senior managers onwards to propose to the Board of Directors or to the shareholders.
2. Identify, select, and nominate candidates who qualify and comply to take the position in the following cases
 - Director, in the case that the previous director has reached the end of his term or there is a new seat available due to increase of directors
 - Senior Executives from the position of Chairman of the Board of Directors
3. Encourage the company to provide opportunities for minority shareholders to nominate persons to be appointed as directors.
4. Perform other tasks relating to nomination and compensation as assigned by the Board of Directors.

Nomination and Appointment of Directors and Senior Executives

1. Independent Directors

An Independent Director is a director who does not manage the company or its subsidiaries. He/she is independent from the Board of Directors and major shareholders and does not have any business relationship with the company which may have negative impact on the interest of the company and/or shareholders.

The selection of candidates to take the position of independent director of the company has chosen candidates based on the qualifications according to Section 225 of the Securities and Exchange Act B.E. 2535 and according to the regulations of the Stock Exchange Thailand and

Securities Exchange Commission. The selection process also considers the skills and experience of each candidate. The independent directors of the company must have the following qualities:

Qualification of Independent Director

- 1) Not holding shares exceeding 0.5 percent of the total shares with voting rights.
 - 2) Not being nor having been an executive director, employee, staff, salaried consultant (e. g. audit consultant, legal consultant) , controlling person in the Company, subsidiaries and associated companies, nor a person with potential conflict of interest unless the foregoing status ended at least 2 years prior to the date of appointment.
 - 3) Not having business relationship (i.e. not being a customer, trade creditor/debtor, loan creditor/debtor), including no vested benefits or interests, whether directly or indirectly, in the financial or operational management of the company, subsidiaries or third-party juristic persons with potential conflict of interest in a manner which may interfere with his/or independent judgement.
 - 4) Not being a close relative nor being related, in a manner which may interfere with his/ her independent judgment, to any executives or major shareholders of the company, subsidiaries, affiliates or third-party juristic persons which may have conflict of interest and not being appointed as a representative to protect the interest of any directors of major shareholders.
 - 5) Not being appointed as a representative specifically to protect the interest of the company's directors or major shareholders.
 - 6) Being able to perform, provide feedback or report the performance as delegated by the Board of Directors without being under the influence of the company's directors or major shareholders including related persons or close relatives of those persons.
- Where necessary, the independent directors may be assigned by the Board of Directors to make decision on issues concerning operations of the company, parent company, subsidiaries, affiliates, same-level affiliates or other juristic parties which may have conflict of interest on the condition that such decision must be a collective one.

2. Audit Committee

The Audit Committee must consist of experienced individuals with qualifications as stipulated by the Securities and Exchange Act and comprise a minimum of three members, one of which must be competent in accounting.

Qualifications of Audit Committee

- 1) The Audit Committee consists of at least 3 independent directors. All Audit Committee has qualified according to the announcement of the Capital Market Supervisory Board and the Securities and Exchange Commission, and are independent according to the definition of corporate governance policy of the company
- 2) Audit Committee member must be appointed by the Board of Directors and/or shareholders.
- 3) Not being a director who has been appointed by the Board of Directors to make decision on the business operations of the company, its subsidiaries or juristic persons with potential conflict of interest.
- 4) Not being a director of the company or its subsidiaries.
- 5) At least one director must have sufficient knowledge and experience to review the creditability of the financial statements. The company must report the name of the audit committee member with such qualifications in Form 56-1 and 56-2. In addition, the director must include his/her qualifications in the Audit Committee Member Background Certification Letter submitted to SET.

Selection of Directors and Executives

1. Nomination of Directors

In the selection of directors, the Nominating Committee which consists of at least 3 independent directors has the responsibility to nominate candidates who have the qualities appropriate to the business of the company. Candidates must have the skills, knowledge, and professional experience complying with the law and do not have any of the prohibited qualities as stated by law. The responsible nominating committee must then propose the nominated candidates

to the Shareholders' Meeting for approval according to the standards and method written in the company's restrictions.

The company has set out the standards in the selection of directors as follows:

1) The selection must be based on experience relating to the business of the company, skills and credibility of the candidates.

2) Each shareholder has voting rights equal to the number of shares held.

3) The candidates receiving the highest number of votes in descending order will be appointed the directors up to the number of seats to be filled in that Shareholders' meeting. In the case that candidates receive equal number of votes for the last seat available, the chairman of the meeting shall have the final decision on the candidate to be chosen to fill the last available seat.

4) In each annual general meeting, the company's restrictions states that at least one third (1/3) of the directors must resign from his position as a director. Reappointment of resigned directors must be approved by the Shareholders' meeting. Details and biographies of candidates must be provided at the Shareholders' meeting for consideration, so that the voting shareholders may have information with which to make their decision.

In the case that a director's seat become available due to circumstances other than the mandatory resignation required by the company's restrictions, the nomination committee will nominate a qualified person with no qualities prohibited by the law, except in the case that the previous director have less than 2 months remaining on his term, in which case the newly appointed director will have a term equal to the remaining term of the previous director. Decisions made in meetings in which a director nominated with less than two months term must have at least three fourth of the votes in that meeting.

Rights of Minority Shareholders in the Selection of Directors

The company provides the procedures and channel in which minority shareholders may nominate qualified candidates in advance for the coming annual general meeting. The company discloses the required procedure and standards on www.sevenup.co.th and advance notice is given on SET website. Nomination forms may be submitted by post within the limited time frame.

2. Selection of Executives

The Board of Directors is responsible for the selection and appointment of Chairman of the Board, board directors, chief executive officer and executive directors as well as fixing their compensation based on individual's roles and responsibilities. The candidates for directorship will be proposed for approval in the meeting of shareholders. Selection of other executive positions will be subject to the company's regulations in accordance with rules and regulations stipulated by SET and SEC.

Governance of the subsidiaries' operations

1. Mechanisms for governance of the subsidiaries' operations

The company has a regulatory mechanism that is able to control, manage and be responsible for the operations of subsidiaries as follows

1) The Board of Directors is the investment approver in the subsidiaries company and appointed person as the representative of the company to be a director and executive of the subsidiaries in proportion of their shareholding. The Board of Directors has assigned the Chief Executive Officer and / or the Board of Executive Director to consider selecting the company representatives.

2) Governance the subsidiaries to comply with the rules, regulations of the Stock Exchange of Thailand regarding to the related transactions, acquisition or disposition of assets or making other important transactions of that company completely and correctly, also use the rules related to the disclosure and the above transactions in the same way as the rules of the company.

3) Governance the subsidiaries company to prepare various financial information and accounting records of subsidiaries so that the company can prepare financial statements for disclosing financial status information and operating results.

2. Agreement between the company and other shareholders in managing the subsidiaries and associated companies (Shareholder's Agreement)

There is no agreement between the company and shareholders to continue the operations of the companies group that have a significant effect on the management, control or dividends of returns to determining compensation in accordance with the normal proportion of shareholding.

Policies and methods for supervising the management of the use of internal information of the company

The company has policies and for supervising the management of the use of internal information of the company for their own benefits as follows:

1) Providing knowledge to executives in various departments regarding the duty to report the holding of one's own securities, spouse and child who have not yet become of legal age and set the penalties under the Securities and Exchange Act B.E. 2535 and the regulations of the Stock Exchange of Thailand.

2) The company requires the management to report changes in securities holding to the Securities and Exchange Commission according to Section 59 of the Securities and Exchange Act B.E. 2535 and send copies of this report to the company on the same date as send the report to the Securities and Exchange Commission.

3) The company will send a circular letter to inform executives that the executives have been informed of significant internal information which affects the price of securities and must suspend the trading of the company's securities for 1 month before the financial statements or internal information are disclosed to the public and prohibiting the disclosure of such significant information to other parties.

Compensation for account auditing

1. Compensation for account auditing

In 2019, the company and its subsidiaries pay 11.32 million Baht to the Auditing firm. The compensation consists of:

- Auditing of the company's account 4.10 million Baht
- Auditing of the company's subsidiaries' accounts 6.64 million Baht

2. Non-audit fee

In 2019, the company's non-audit fee amount 0.58 million Baht

The Practices of Good Corporate Governance

The Board of Directors realizes the importance of corporate governance. Therefore, has established a corporate governance policy covering important principles in various matters. The board requires a review of the corporate governance policy Including the process of applying CG Code to be used appropriately every year.

1. Shareholders : Equitable rights

At each shareholders' meeting, all shareholders have equitable rights to access information, give opinions or raise questions and exercise their voting rights, as well as voting through proxies in the event that they cannot attend the meeting. The chairman of the meeting has to properly appropriate the meeting time and encourage the shareholders to give opinions and raise questions.

2. Rights of stakeholders

The Board is aware of and gives importance to the rights of all stakeholders as prescribed by the law and ensures that they are safeguarded and well treated, as follows:

2.1 Shareholders

The company is committed to representing the shareholders in business operations for the optimum shareholders' satisfaction with transparent and reliable disclosure of information and for the long-run business growth.

2.2 Customers

The company is committed to creating customers' satisfaction through offering quality products and services at reasonable prices and with complete, accurate and straightforward disclosure of information on the products and services. Comply with contracts, agreements or conditions that is transparent and equal to customers. Including advice and listen to suggestions or comments and maintaining customer confidentiality

2.3 Employees

The company is committed to developing human resources through creation of good working environment and promotion of team working to allow for consistent employee potential development, and appropriate compensation to ensure optimization of human resources.

2.4 Trade counterparts

The company treats its trade partners fairly and equitably. Conducting business with suppliers in accordance with fair and transparent trade conditions and ensures that its transactions with them will not impair the company's reputation nor contradict the relevant laws. The company will select a reliable partner to ensure that customers will receive quality products and services that meet the standards.

2.5 Creditor

The company comply with the commitment and fairness to all creditors in accordance with the contract done without violating the rights of creditors.

2.6 Competitors

The company adheres to the rules of fair competition with codes of conduct and within the purview of the relevant laws. The company does not seek confidential information of competitors through dishonest methods.

2.7 Society, Community and Environment

The company recognizes its being part of the society, community and environment thus implementing policy to support social and environment activities especially those benefiting the communities.

3. Shareholders' meeting

In 2019, there were the Annual General Meeting of shareholder 1 time. Before the meeting, an invitation letter was sent together with meeting documents around seven days in advance. Meeting minutes were taken completely and accurately allowing for inspection.

The chairman of the meeting gave the shareholders equal rights to inspect the operations of the company, ask questions, give opinions and suggestions as well as disseminating the minutes of the meeting for shareholders' acknowledgment.

4. Leadership and vision

The Board takes part in mapping out corporate vision, mission, strategy and targets, and monitors and supervises to ensure the management's efficient implementation according to the business plan and budget, as well as availability of the assessment of internal control and audit, financial report and risk management.

5. Conflicts of interest

To prevent the occurrence of conflicts of interest, the Board and the Audit Committee have taken good care of the transactions that may cause conflicts of interest and formulated policy and measures that can ensure no use of internal information for personal interests by executives and related persons.

1) Transactions that may cause conflicts of interest

The Board have been aware of transactions with conflicts of interest and connected transactions and taken action cautiously with due consideration of the maximum benefit of the Company. It has had the details of the transactions regarding the value, contract party, rationale and necessity disclosed in the annual report and form 56-1.

2) Measure on use of internal information for personal interests

2.1) New directors and executives' holding of securities and changes in holding of securities must be reported to the SEC pursuant to the Securities and Exchange Act, B.E. 2535 (1992). It is also clearly prescribed in the statement of duties and responsibilities for the executives, or the persons with access to internal information, not to disclose such information to outside persons or those having no duties involved, except for the case of disclosure to the general public as required by the stock exchange. Any violation of this will result in their being subject to the disciplinary penal provisions.

2.2) Ensure that the directors and executives of all departments are aware of their duty to report the securities holding by themselves, spouses and minor children, and the penal provisions under the Securities and Exchange Act, B.E. 2535 (1992) and as prescribed by the SET.

2.3) Send a circulation letter to the executives for them to learn that those who access significant internal information that can affect the Company's securities price must avoid trading the securities one month before the disclosure of financial statements or internal information to the public and may not disclose the information of material aspects to any outside person.

6. Business ethics

The company has worked out the codes of conduct for business operations, and handbooks on operations and disciplinary penal provisions for directors, committee members, executives and employees to follow in their duty performance with integrity and fairness. Follow-up of the performance under such guidelines will be made on a strict and consistent basis.

7. Balance of power by non-executive directors

There are at present eight board members, four of whom are independent directors representing 50% of the entire members.

8. Delegation of power and duties

The Board Chairman has no relationship with the management and no representation of any major shareholders as well as not being the same person as any Chairman of Executive Director and Chief Executive Officer. This is to ensure balance of power and delegation of duties between those who determine the policy and those who administer the normal business.

9. Compensation for directors and executives

1) Compensation for directors

The company has set out clear and transparent director compensation policy being on a par with the industry. The compensation is classified into two portions. One is meeting allowance which has been set at a constant rate. The other is bonus payment which is made based on the company's performance. There is also self-assessment among the Board members once a year. The compensation was duly approved by the shareholders' meeting. The total compensation paid in monetary to the thirteen directors in 2019 amounted to 4.29 million Baht as meeting allowance.

2) Compensation for executives

The Board of Director and/or the Nomination and Compensation Committee are in charge of determining policy and principles, which are associated with the company's operating results and evaluate the performance of the executives to figure out appropriate compensation.

The total compensation paid to the ten executives in 2019 comprising salary, bonus, provident fund and others in monetary amounted to 12.96 million Baht.

10. Internal control and audit system

The company places importance to internal control system considering it a convincing mechanism for the management in the relief of business risks. It can help ensure efficient business operations with allocation of resources for maximum benefit and achievement of target. It can also help protect the investment capital of the shareholders, contribute to the reliability of the company's financial and operational reports, and prevent damage to or loss of its assets. The directors, executives and employees are prescribed to be in charge of the institution of the effective internal control system and their strict adherence thereto.

11. The Board of Directors' report

The board is responsible for the consolidated financial statements of the company and its subsidiaries as well as the financial information exhibited in the annual report. The financial statements have been prepared in accordance with the generally accepted accounting standards, with adoption of appropriate policy for regular practice and adequate disclosure of key information in the notes to financial statements.

The board has instituted an effective internal control system to ensure accuracy, completeness and adequacy in the report and record of accounting information and hence prevention of fraud or damage to the Company.

In addition, to enhance shareholders' confidence, the Board has assigned the Audit Committee, composed of independent directors, to review the financial reports and internal control and audit system. The opinions of the Audit Committee appear in its report exhibited in this annual report.

12. Relationship with investors

The Board gives importance to disclosure of financial and general information that will affect the company's securities price. The information so disseminated through the channels and media of the stock exchange and website of the company on a regular basis is accurate, complete and timely.

The task of investor relations has been entrusted to certain work units for them to launch public relations so that useful information can be accessed by shareholders, investors and analysts. It has held press conference joined by the Executive Committee members to report its quarterly and annual operating results to investors, analysts and fund managers as well as other interested parties and allow for their raising of questions.

Interested persons may contact our investor relations staff at telephone no. 02-741-5700 or access us at www.sevenup.co.th

13. Company Secretary

The board of Directors is responsible for selecting and appointing a qualified and experienced individual the company secretary. The roles and responsibilities of the secretary include:

1) Perform his/her duties in a cautious, careful and honest manner according to the applicable laws and regulations.

2) Oversee the activities of the Board of Directors as well as provide recommendations to directors concerning company's regulations and rules stipulated by relevant parties.

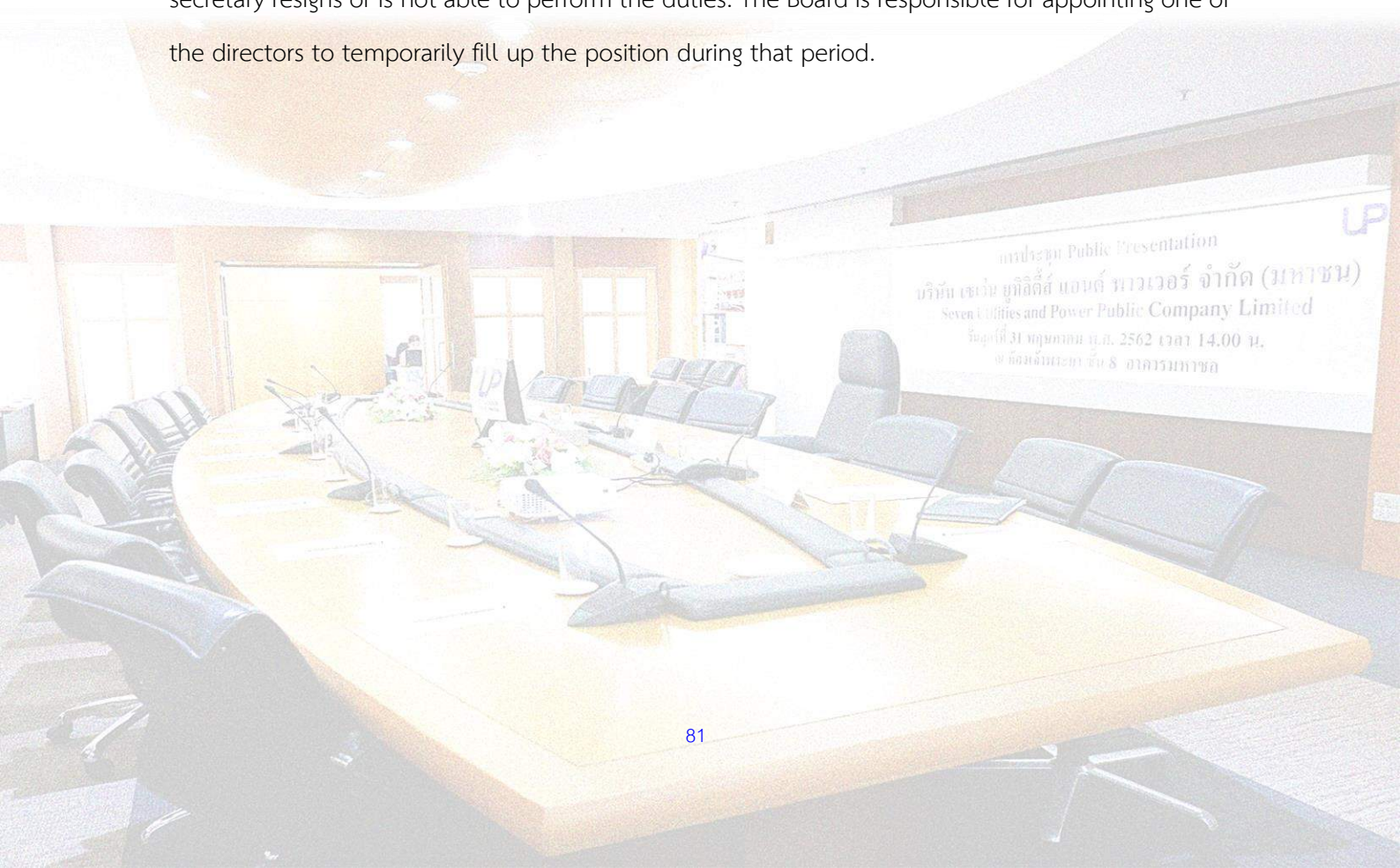
3) Organize and coordinate board meetings and shareholder meetings ensuring that they are in compliance with the Company's objectives, regulations, resolutions of the Board/shareholders as well as applicable laws and regulations.

4) Prepare and keep filing of relevant documents such as director registration books, meeting invitation letters, Board and shareholders meeting minutes, annual reports etc.

5) Keep filing of the reports on interest submitted by directors or executives of the company and provide the duplicate of such reports to Chairman of the Board and Chairman of the Audit Committee within 7 days from the date the company receives the report.

6) Performing other tasks as required

In the event the company secretary resigns or is not able to perform his/her duties, the Board of Directors will be responsible for selecting a replacement within 90 days from the date the secretary resigns or is not able to perform the duties. The Board is responsible for appointing one of the directors to temporarily fill up the position during that period.



Corporate Social Responsibility

Policy and Overview

The company is aware of the importance of social responsibility in all aspects for the benefit of society, such as partners, shareholders, employees of the company and support activities. Participate in activities that can continually create and develop society, including allocating suitable budgets for social, environmental, and local activities. Especially in areas where the company has entered business and comply with the relevant laws and regulations of the Stock Exchange of Thailand as follows

- 1) To engage in just business activity
- 2) To act against corruption
- 3) To respect human rights
- 4) To treat employees with fairness
- 5) To be responsible to consumers
- 6) To preserve the environment
- 7) To develop society
- 8) To develop innovations and share innovations that are the result of a social responsible business activity

Social and Environmental Activities

1. Business operation with fairness and against corruption

The company operates according to the company's policy. By adhering to the principles of fairness to all stakeholders and to fight against corruption The company has announced its intention Participate in the CAC Project, Thailand's Private Sector Collective Action Coalition Against Corruption. The CAC's Committee will consider the facts. Based on accuracy Complete assessment form and references and the certification of this CAC project is a certification to the anti-corruption system of a juristic person.

2. Respect for human rights

The company considers the rights of shareholders And all interested parties to be informed The movement of business operations And the right to suggest Comment By

disseminating important news stories through the public relations channels of the Stock Exchange of Thailand And the company's website And also developing the investor relations department To support news services for shareholders throughout the past period.

3. In the treatment of labor fairly

The company has organized the office building and overall environment of the head office at Mahachol Building Soi Sukhumvit 62. The landscape, both internally and externally, is beautiful and creates a feeling that is conducive to the performance of employees and executives. In terms of the interior of the building, various working areas and useful areas are allocated to employees and executives as follows

3.1 Providing a staff restaurant with proportion and air conditioning throughout the hours of the company Including a restaurant Coffee shops and drinks at welfare prices including vending machines to support staff needs.

3.2 Modify office furniture for employees in various departments to be comfortable Suitable for operation.

3.3 Allocate building area on the 7th floor to be a space for employees and executives to share benefits in various areas (Co-working Space), including 6 meeting rooms, recreation rooms And Fitness Room.

3.4 Improvement of lighting system within the building providing sufficient lighting for the work of employees and executives in accordance with work safety standards. By using energy-saving lamps (LED Lighting) which will benefit in terms of energy saving and environmental protection as well.

In addition, the company provides an opportunity for all employees in the company group to have the opportunity to contribute to the society in the project. "Blood for life" is a promotion of employees in the company from the blood voluntarily. By organizing activities every quarter throughout the year 2019



4. Supporting community development Society to have a better quality of life

Activity 1

On December 3, 2019, Asia Recycle Technology Company Limited, a subsidiary of Seven Utilities and Power Public Company Limited, has organized activities to promote the quality of life for the elderly and the disabled. In order to support and improve the well-being of the community by the management and employees of the company Have joined as a company representative to give life factors And build good relations between the company With nearby communities, the business areas of the company Khao Hin Son Subdistrict Phanom Sarakham District Chachoengsao.



In the year 2019, Asia Recycling Technology Company Limited, a subsidiary of Seven Utilities and Power Public Company Limited, organized activities with the objective of supporting the temple's activities. Hosted a Kathin ceremony and donate food for the people in the communities in the vicinity of the company to carry on the culture and traditions and helping the people to have a better quality of life.



Activity 3

In the year 2019, Asia Recycling Technology Company Limited, a subsidiary of Seven Utilities and Power Public Company Limited, conducted a community survey to improve the water supply system thoroughly. And manage community waste by accepting waste from the community for disposal with the objective to build relationships as part of the community and sustainable coexistence, as well as improving the quality of life of people in the neighborhood.



Prevention of involvement in corruption

The company is aware of the importance of conducting business with honesty, transparency, adhering to the principles of good governance and strict compliance with relevant laws including the awareness of the importance of conducting business with honesty and social responsibility. The Board of Directors has a resolution to set a policy against corruption. The company has a policy prohibiting directors, executives, employees of all levels and all companies to directly or indirectly accept any type of corruption, either directly or indirectly. Which covers government agencies Private sector and related parties that the company has carried out its mission or contact with Both domestically and internationally By strictly following the anti-corruption policy And regularly review the implementation of the anti-corruption policy. As well as reviewing the guidelines and operational requirements to be in line with business changes, regulations, and related laws.

The company has signed the declaration of intention to participate in "Thai Private Sector Collective Action Against Corruption" (Collective Anti-Corruption: CAC) in November 2019.

In addition, the company has established measures for accepting complaints or reporting clues. About illegal acts Business ethics, corruption or behavior that may indicate corruption of the directors, executives or employees in the company. Including appropriate protection measures for

those who make complaints or report clues. The Board has assigned the Audit Committee to consider receiving complaints or reporting clues that may lead to suspicions of corruption or corruption occurring with the company. Either directly or indirectly Through the acceptance channels as specified in the anti-corruption policy the complainant must specify the details of the complaint or provide clues along with evidence or information sufficient to investigate and provide the name, address and telephone number. That can be contacted Send to the channel for complaint or notify the company's whereabouts.

Channels for receiving complaints or clues

- 1) Notify via email of the audit committee at audit.committee@sevenup.co.th
- 2) Notify via direct phone Compliance Department, 02-741-4896
- 3) notify via post to the chairman of the audit committee or the Compliance department

Seven Utilities and Power Public Company Limited

73 Mahachol Building, Soi Sukhumvit 62, Sukhumvit Road, Phra Khanong Tai Subdistrict,
Phra Khanong District, Bangkok 10260

Protection of complainants or whistleblowers

In order to protect the rights of complainants and whistleblowers acting in good faith the company will conceal names any address or information That can identify the complainant or whistleblower and keep the information of the complainant and the whistleblower confidential. The information is limited to only those responsible for investigating complaints and who are able to access the information. In the case of a complaint regarding corruption of executives Senior management The Audit Committee will provide protection to the complainant or the whistleblower and the person who provided the information in the investigation. Not to suffer or unrighteousness Resulting from complaints, clues, testimony or information Those responsible for performing duties relating to the complaint Responsible for maintaining data Complaints and documents the evidence of the complainant and the informant is confidential. Do not share the information with other people who do not have any responsibilities. Unless it is disclosed as required by law.

Internal Control

The company has assessed the adequacy of its internal control system as can be concluded below:

Organization and environment

The Board of Directors has agreed that the company has set out clear and measurable business targets. Its organization structure has contributed to the efficient operations by the management thus allowing for the fulfillment of the internal control objective.

The company has established an internal audit department by reporting directly to the audit committee which will help to promote, monitor, evaluate and improve the internal control system of the company.

Risk management

The Board of Directors' has agreed that the company has planning, management, and process for establishing an annual plan with clear and measurable goals under the specified vision. The preparation steps of the plan will be analyzed of various related risk factors in order to be used in the formulation of operational strategies. As well as having tools to measure and monitor appropriate results including during the plan implementation will monitor and assess the risk factors that may affect the implementation of the plan regularly and if there are changes in risk factors or increased from what has been assessed in the planning phase Will have to adjust strategies or determine measures to prevent and respond to the risks immediately. As well as having tools to measure and monitor appropriate results, including during the implementation of the plan, there are regular monitoring and evaluation of risk factors that may affect the implementation of the aforementioned plan. Also, if there is a risk factor that has changed or increased from what has been assessed in the planning stage, there will be a strategy adjustment or measures to prevent and manage that risk immediately.

Supervision of management's performance:

The Board of Directors has agreed that the company has clearly imposed authority and responsibilities of the management, with delegation of duties to ensure check and balance. In the case where the company enters into transactions with the major shareholders, directors or related parties thereof, it will have to take strict and cautious measures to monitor the transactions to prevent the use of such opportunities for personal interests.

The company has established a corporate compliance department in order to continue the corporate governance policy and a tool for management to comply with laws, rules, policy and regulations in order to ensure a smooth business operation.

Access to information and communication

The Board of Directors has agreed that the company's access to information has been proper, punctual and adequate for the decision-making by the Board. It has undertaken systematic accounting filing as recommended by the auditor. The Board's comments and resolutions at the Board meetings have been recorded so that actions in response with which can be taken by the management and reported to the Board accordingly.

Monitoring

The Board of Directors has agreed that the company has monitored and followed up the operation results as compared with the targets. It has also set out a policy for the management to forthwith report to the Board in the event of misconduct, violation of law, or any irregularities that may materially affect the reputation and financial status of the company.

The efficiency assessment of the internal control system by the Audit Committee aims at evaluating the appropriateness and adequacy of the system and the company's work process based on such system. The Audit Committee has not found any weakness of material aspect in the company's internal control system that can impact its management and operations.

The Head of the Internal Audit Department and Corporate Compliance

The companies have considered the internal control system (Internal Control), internal audit system (Internal Audit), corporate and compliance system (Compliance) and see that the company has expanded its business into a new business. Therefore, the company has considered the continuity in complete auditing all areas of internal control system, corporate governance and risk management covers of all businesses. The Board of Directors' Meeting with the approval of the Audit Committee, resolved to set up the organizational structure of the Internal Audit Department and Corporate Compliance Department. At present, Mr. Thiranan Chiewchan is appointed as the head of company's internal auditor and Mr. Kandanai Srangtoneng is appointed as the head of company's corporate compliance, based on experience, knowledge and understanding of company's business operation.

Related Transactions

| Related Party/ Relation with the company | Nature of transaction | Related transactions value (MB) | | Rational and necessity of transaction |
|--|--------------------------|---------------------------------------|------|---|
| | | 2019 | 2018 | |
| Mitprasong Green Power Co., Ltd. with 62.63% shareholding by 7UP | Interest received | 0.00 | 3.16 | Interest received from short-term loan provided to subsidiary via at-call promissory notes with return type |
| Hadyai Environmental Management co., Ltd. Related company | Production Expense | 4.46 | 9.93 | Operation and Maintenance fee (Power Plant) |
| | Interest Expenses | 0.00 | 3.52 | Interest expenses from short-term load provided to subsidiary via at-call promissory notes with return type |
| Smothong Group Co., Ltd. Related company | Purchase of goods | 0.00 | 2.18 | Cost of raw materials used in production |
| | Other expense | 0.00 | 0.87 | Land rental |
| | Interest expenses | 0.00 | 0.50 | Interest expenses from short-term load provided to subsidiary via at-call promissory notes with return type |
| Palm Tong Kum Co., Ltd. Related company | Purchase of goods | 0.65 | 0.81 | Cost of raw materials used in production |
| | Interest received | 0.37 | 0.00 | Interest received from short-term load provided to subsidiary via at-call promissory notes with return type |

Management Discussion and Analysis of Operating Results

Seven Utilities and Power Public Company Limited (“the Company”) would like to report the operating results of the Company and its subsidiaries for the year 2019, ended 31 December 2019 as follows:

Statement of comprehensive income

| Statement of comprehensive income | Consolidated financial statements (Thousand Bath) | | | | | |
|--|---|----------------|-----------------|----------------|----------------|----------------|
| | 31 Dec 19 | % | 31 Dec 18 | % | YOY | %YOY |
| Sales | 885,900 | 77.73% | 586,527 | 77.13% | 299,373 | 51.04% |
| Service income | 139,812 | 12.27% | 96,749 | 12.72% | 43,063 | 44.51% |
| Other income | 114,017 | 10.00% | 77,158 | 10.15% | 36,859 | 47.77% |
| Total revenues | 1,139,729 | 100.00% | 760,434 | 100.00% | 379,295 | 49.88% |
| Cost of sales | (748,650) | 65.69% | (434,886) | 57.19% | (313,764) | 72.15% |
| Cost of services | (87,901) | 7.71% | (61,422) | 8.08% | (26,479) | 43.11% |
| Selling expenses | (32,336) | 2.84% | (30,791) | 4.05% | (1,545) | 5.02% |
| Administrative expenses | (356,481) | 31.28% | (316,722) | 41.65% | (39,759) | 12.55% |
| Other expenses | - | 0.00% | (12,702) | 1.67% | 12,702 | 100.00% |
| Gain from bargain purchase of investment in subsidiary | 2,342 | 0.21% | 30,771 | 4.05% | (28,429) | 92.39% |
| Gain on disposal of investment in associate | 3,100 | 0.27% | - | 0.00% | 3,100 | 100.00% |
| Gain on disposal of investment in subsidiary | 137,396 | 12.06% | - | 0.00% | 137,396 | 100.00% |
| Reversal of allowance for diminution in value | 50,000 | 4.39% | - | 0.00% | 50,000 | 100.00% |
| Share of profit (loss) from investment in associate | 4,106 | 0.36% | - | 0.00% | 4,106 | 100.00% |
| Share of profit (loss) from investment in joint venture | - | 0.00% | 355 | 0.05% | (355) | 100.00% |
| Finance cost | (15,208) | 1.33% | (15,240) | 2.00% | 32 | 0.21% |
| Profit (Loss) before income tax income (expenses) | 96,097 | 8.43% | (80,203) | 10.55% | 176,300 | 219.82% |
| Income tax income (expenses) | (8,592) | 0.75% | (832) | 0.11% | (7,760) | 932.69% |
| Profit (loss) for the period | 87,505 | 7.68% | (81,035) | 10.66% | 168,540 | 207.98% |

Remark: Financial ratio is based on common-size analysis to total revenue

Overall business operation (12 months)

For the year 2019, Seven Utilities and Power Public Company Limited and its subsidiaries recorded a net profit of Baht 87.51 million. Profit increased from the year ended 2018 by Baht 168.54 million mainly due to an increasing of gross profit from business operation amount Baht 189.16 million. Overall of the Group's performance mostly result from operation of LPG and oil business with gross profit of Baht 139.69 million, waste water management services of Baht 18.85 million, sales and network service of Baht 15.14 million, sales of radio and communications system Baht 12.82 million.

A subsidiary has gain from adjustment of finance lease agreement under the scope of TFRIC4, which would impact the financial statements as the assets was previously recognized at cost less accumulated depreciation would be restated as accounts receivable, i.e. financial assets, and valued at amortized cost. As a result, profit increased by Baht 8.66 million from adjustment of accumulated depreciation. In contrast, the Company recognized loss on goodwill impairment amount Baht 21.23 million.

Revenue (12 months)

For the year 2019, the company had sales and service income of amount Baht 1,025.71 million, which increased from the year ended 2018 in the amount of Baht 342.44 million or 50.12 percent. Includes revenue from the sale of LPG and oil of about Baht 755.63 million, revenue from rendering services and sales management amount Baht 73.32 million, revenue from sales and network services about Baht 97.14 million and revenue from the sale of radio and communications system estimated at Baht 35.04 million, revenue from the sale of electricity to about Baht 23.30 million, services income from water quality improvement of Baht 28.38 million, service income from sales of energy saving technology Baht 10.21 million and revenue from other sales of Baht 2.69 million.

Other income for the year 2019, Baht 114.02 million mostly consist of income from rental and utilities Baht 16.23 million, income from sales of assets Baht 31.55 million, government subsidies amount of Baht 12.96 million, revenue from sales of electricity plant design amount Baht 7.48 million, income from fair value adjustment of investment property at year-ended amount of Baht 1.48 million.

Cost of goods sold and services (12 months)

Cost of goods and services for the year 2019 in the amount of Baht 836.55 million which increased from the year ended 2018 in the amount of Baht 340.24 million or 68.66 percent, consisting of incremental cost of sales of Baht 313.76 million and cost of services of Baht 26.48 million. Mainly comes from the cost of purchasing LPG and oil for Baht 636.52 million and cost of sales management amount Baht 52.74 million, cost of sale and network services amount Baht 82 million, cost of acquisition of radio and communication system Baht 22.22 million and the cost of electricity production is about Baht 22.66 million. Cost from water quality improvement Baht 9.53 million. Cost from service and sales of energy saving technology Baht 9 million and cost from other sales of Baht 1.88 million.

Gross Profit Margin (12 months)

Gross profit for the year 2019 and 2018 is Baht 189.16 million and Baht 186.97 million, accordingly. Gross profit slightly increased by Baht 2.19 million or 1.17 percent.

Selling and Administrative Expense (12 months)

Selling and administrative expenses for the year 2019 is Baht 388.82 million. Compared to the year 2018, selling and administrative expenses increased by Baht 40.99 million, representing 11.80 percent. Mainly from the selling expenses Baht 32.34 million, which is the selling expenses of LPG and oil business and administrative expenses of Baht 356.48 million, mainly due to management fees, staff expenses, utilities and audit fees.

Financial Cost (12 months)

For the year 2019 The Company financial cost is Baht 15.21 million, which are in line with the previous year. Mostly caused by borrowing, affiliated companies and financial institution.

Net Profit (Loss) for the Period (12 months)

Results of operations for the year 2019, the company had a net profit of Baht 87.51 million, while in 2018, the company had a net loss of Baht 81.03 million. In a better direction and collectible, amount of Baht 342.44 million which is along with the increment of revenue.

Statement of financial Position

| Thousand Baht | Consolidated as of | | % Changes |
|--|--------------------|------------------|---------------|
| | 31 Dec 2019 | 31 Dec 2018 | |
| Total Assets | 2,265,288 | 1,965,799 | 15.23% |
| Total Liabilities | 671,111 | 572,286 | 17.27% |
| Equity Attributable to Owners of the company | 1,442,302 | 1,326,279 | 8.75% |
| Non-Controlling Interests | 151,875 | 67,234 | 125.89% |
| Total Shareholders' Equity | 1,594,177 | 1,393,513 | 14.40% |

As of December 31, 2019, the total assets of the company were Baht 2,265.29 million and as of December 31, 2018, equally Baht 1,965.80 million, an increase of Baht 299.49 million or 15.23 percent. Total assets mostly consist of property, plant, and equipment Baht 693.80 million, trade and other current receivables of Baht 353.54 million, intangible assets of Baht 251.59 million, goodwill of Baht 222.21 million, current portion of finance lease receivable due within 1 year of Baht 129.63 million, investment in associate of Baht 139.11 million, and cash and cash equivalents of Baht 111.64 million.

An increasing of assets mostly came from trade and other receivable increased by Baht 189.37 million, investment in associates increased by Baht 139.11 million, other non-current assets increased by Baht 47.71 million, goodwill increased by Baht 35.51 million, leasehold rights increased by Baht 14.31 million. While, deposits for business due diligence decreased by Baht 95 million, Short-term loans to related parties decreased by Baht 49.41 million, property, plant and equipment decreased by Baht 45.94 million, cash and cash equivalents decreased by Baht 38.70 million, intangible assets decreased by Baht 21.28 million, inventories decreased by Baht 11.16 million, and long-term loans to other decreased by Baht 11 million.

The total liabilities of the company as of December 31, 2019 were Baht 671.11 million and as of 31 December 2018, equal to Baht 572.29 million, an increase of Baht 98.82 million or 17.27 percent. The increasing of total liabilities mostly came from trade and other payables increased by Baht 65.69 million, short-term borrowing increased by Baht 47.29 million.

Shareholders' equity as at 31 December 2019 amounted to Baht 1,594.18 million, while as at 31 December 2018, the amount was Baht 1,393.51 million, an increase of Baht 200.66 million or 14.40 percent.

Board of Directors' Responsibility for Financial Report

The Board of Directors is responsible for Seven Utilities and Power Public Company Limited's financial statements and its subsidiaries consolidated financial statements, including the financial information presented in this annual report. The aforementioned financial statements are prepared in accordance with generally accepted accounting principles, using careful judgment and the best estimation. Important information is adequately, and transparency disclosed in the notes to financial statements for the Company shareholders and investors.

The Board of Directors provides and appropriate and efficient internal controls to ensure that accounting records are accurate, reliable and adequate to retain its assets as well as to prevent fraud or materially irregular operations.

In this regard, the Board of Directors has appointed an Audit Committee comprising independent directors to be responsible for reviewing quality of the financial reports, internal controls, and internal audit. The Audit Committee also reviews a disclosure of related party transactions. All their comments on these issues are presented in the Audit Committee Report included in this annual report.

The separate financial statements and the consolidated financial statements of the Company have been examined by an external auditor, Deloitte Touche Tohmatsu Jaiyos Audit Company Limited. To conduct the audits and express an opinion in accordance with generally accepted auditing standards, all records and related data, as requested, are provided to the auditor. The auditor's opinion is presented in the auditor's report as a part of this annual report.

The Board of Directors considers the Company's overall internal control system satisfactory and provides credibility and reliability to Seven Utilities and Power Public Company Limited's financial statements and Seven Utilities and Power Public Company Limited and its subsidiaries consolidated financial statements for the year ended 31 December 2019. The Board of Directors also believes that all these financial statements have been prepared in accordance with generally accepted accounting principles and related regulations.



(Squadorn Leader Sita Divari)

Chairman of the Board of Directors

Report of the Independent Certified Public Accountants

To the Shareholders and Board of Directors

Seven Utilities and Power Public Company Limited

Opinion

We have audited the consolidated financial statements of Seven Utilities and Power Public Company Limited and its subsidiaries (the “Group”) and the separate financial statements of Seven Utilities and Power Public Company Limited (the “Company”), which comprise the consolidated and separate statements of financial position as at December 31, 2019, and the related consolidated and separate statements of profit or loss and other comprehensive income, changes in shareholders’ equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated and separate financial statements present fairly, in all material respects, the financial position of Seven Utilities and Power Public Company Limited and its subsidiaries and of Seven Utilities and Power Public Company Limited as at December 31, 2019, and financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards (“TFRSs”).

Basis for Opinion

We conducted our audit in accordance with Thai Standards on Auditing (“TSAs”). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated and Separate Financial Statements section of our report. We are independent of the Group in accordance with the Federation of Accounting Professions’ Code of Ethics for Professional Accountants together with the ethical requirements that are relevant to the audit of the consolidated and separate financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to Note 4.1 to the financial statements that on July 17, 2018, the Company acquired the ordinary shares of Sam Water Supply Co., Ltd. The Company has updated the fair values of the identifiable assets acquired and liabilities assumed and the fair value allocation at the business acquisition date based upon the final appraisal reports dated October 8, 2019 from the independent appraiser and other necessary information obtained within one year from the business acquisition date in accordance with Thai Financial Reporting Standard No. 3 (revised 2018) “Business Combination”. As a result, the consolidated statement of financial position as at December 31, 2018 which is presented as comparative information, has been restated accordingly, to reflect new information obtained about facts and circumstances that existed as of the business acquisition date. Our opinion is not modified in respect of this matter.

Key Audit Matters

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

| Key Audit Matters | Audit Responses |
|--|--|
| <p>Significant business acquisition</p> <p>On June 26, 2019, Ferrum Energy Co., Ltd. (“FER EN”), a subsidiary of the Company, purchased shares of Eco Energy Group Corporation Co., Ltd. (“ECO”) from existing shareholders at the cost of Baht 50 million.</p> <p>Key audit matter is whether the acquisition assets and liabilities of ECO at the acquisition date has been recognized in accordance with TFRSs including related disclosures.</p> <p>At the acquisition date, the Group used the net</p> | <p>Key audit procedures including:</p> <ul style="list-style-type: none">● Understanding the business acquisition process and related internal control procedures.● Evaluating the design and implementation of the internal control procedures on the business acquisition.● Performing substantive testing as follows:<ul style="list-style-type: none">- Examining the terms and conditions of Share Sale Agreement for the acquisition of ECO, payment documents, share |

| Key Audit Matters | Audit Responses |
|--|--|
| <p>asset value from the latest available financial information of ECO including other relevant factors which may affect such information as the consideration received from this business acquisition. The Company recognized the difference between purchase price and consideration received from the acquired businesses as goodwill at the amount of Baht 56.74 million.</p> <p>As at December 31, 2019, the Group is in the process of appraising the fair value of the identifiable assets acquired and liabilities assumed and the fair value allocation at the business acquisition date. The assessment shall be completed within measurement period within one year from the business acquisition date pursuant to the period allowed by Thai Financial Reporting Standard No. 3 (revised 2018) “Business Combination”.</p> <p>Accounting policies of the consolidated financial statement preparation basis and details of the business acquisition of ECO have been disclosed in Notes 3.12 and 4.3 to the financial statements, respectively.</p> | <p>transferred documents and related supporting documents.</p> <ul style="list-style-type: none"> - Examining details of assets and liabilities of ECO at the acquisition date which consists of the examination of existence, rights and obligations, and valuation of assets and liabilities. - Examining the presentation and related disclosures |

| Key Audit Matters | Audit Responses |
|---|---|
| <p>Goodwill</p> <p>The Group recorded goodwill of Baht 222.21 million from the acquisition of Star Gas Company Limited and its subsidiaries and Sam Water Supply Company Limited as disclosed in Note 19 to the financial statements.</p> <p>We have focused our audit on the balance of goodwill which is material to the consolidated financial statements. The significant accounting estimate required management to exercise a high degree of judgment in estimating the future cash inflows, and setting an appropriate discount rate and terminal growth rate. The assessment of the impairment thus directly affects the balance of goodwill presented at the period end.</p> <p>Accounting policies of goodwill and details of goodwill have been disclosed in Notes 3.12 and 19 to the financial statements, respectively.</p> | <p>Key audit procedures including:</p> <ul style="list-style-type: none"> ● Understanding the impairment consideration process and related internal control procedures on the recognition of impairment of goodwill. ● Evaluating the design and implementation of the internal control procedures on the recognition of impairment of goodwill. ● Performing substantive testing as follows: <ul style="list-style-type: none"> - Involving our valuation specialist to evaluate the impairment of goodwill - Testing the reasonableness of significant assumptions used in the preparation of the estimated future cash flows, run sensitivity analysis for the key assumptions driving the analysis and comparing those assumptions with information from both internal and external sources in order to evaluate the management judgment in estimating the estimated future cash flow. - Evaluating the discount rate applied by management through analysis of the average costs of capital and others information with other comparable companies, as well as testing the calculation of the Company's value using the selected financial model. - Examining the presentation and related disclosures. |

| Key Audit Matters | Audit Responses |
|--|--|
| <p>Impairment of investments in subsidiaries, associates, and other long-term investment</p> <p>The Group has investments in subsidiaries, associates and other long-term investment which are significant to the financial statements. We have focused our audit on the recoverable amount and impairment of investments in subsidiaries, associates, and other long-term investments because investments in subsidiaries, associates, and other long-term investments are material to the financial statements and are depended on the Group's management judgments and assumptions used in such impairment assessment. The Group's management is required to exercise judgment in determining assumptions which are uncertain in considering the discounted future cash flows. Accounting policies of investments and impairment and detail of investments in subsidiaries, associates and other long-term investments have been disclosed in Notes 3.5, 3.6, 12, 13 and 14 to the financial statements, respectively.</p> | <p>Key audit procedures were included:</p> <ul style="list-style-type: none"> ● Understanding the impairment consideration process and related internal control procedures on the determination of impairment of investments in subsidiaries, associates, and other long-term investments. ● Evaluating the design and implementation of the internal control procedures on the determination and recognition of impairment of investments in subsidiaries, associates, and other long-term investments. ● Performing substantive testing as follows: <ul style="list-style-type: none"> - Examining the supporting documents in relation to the management consideration of impairment indicators for investments in subsidiaries, associates, and other long-term investments. - Evaluating the reasonableness of management's estimate such as key assumptions and methodology used by the management in assessing the impairment of investments in subsidiaries, associates, and other long-term investments. |

Other Matters

The consolidated financial statements of Seven Utilities and Power Public Company Limited and its subsidiaries and the separate financial statements of Seven Utilities and Power Public Company Limited as at December 31, 2018 (before restate), presented herein as comparative information, were audited by another auditor, whose report thereon dated February 28, 2019 expressed an unmodified opinion on those statements with an emphasis of matter paragraph which can be summarized as follows:

1. As disclosed in Note 21 to the financial statements, on August 31, 2018, the Company issued a Baht 100 million cheque to the director of a subsidiary as a deposit for inspection of the feasibility of a business acquisition. This transaction was recorded under “Deposit for business due diligence” presented in the consolidated and separate statements of financial position as at December 31, 2018 at the amount of Baht 170 million. Subsequently, in 2019, the Company received cashier’s cheques for Baht 100 million on February 26, 2019 and February 27, 2019 as a result of unsuccessful acquisition. However, such another auditor was unable to perform audit procedures to ensure whether these amounts were paid by such director.
Moreover, as disclosed in Note 5 to the financial statements, a subsidiary extended loans of Baht 59 million to the aforementioned director without loan agreements or collateral. This transaction was recorded under “Short term loans” presented in the consolidated and separate statements of financial position as at December 31, 2018. As a result of subsequent follow up and negotiation by the Company, on February 25, 2019, a debt acknowledgement letter was drawn up by another director of such subsidiary who undertook to repay the loans within April 25, 2019 and issued a letter mortgaging shares that he holds in the Company to secure debt of approximately Baht 59 million on February 26, 2019. Therefore, the Company’s management is confident that these loans will be recovered in full amount and there is thus no need to record allowance for doubtful debt in the Company’s consolidated financial statements as at December 31, 2019.
2. As disclosed in Note 5 to the financial statements, the Company and its subsidiary reduced the amount of paid deposits for investigations into the feasibility of business acquisitions for two projects. Moreover, the Company recorded allowance for

diminution in value and wrote off the deposits of Baht 59 million for these investigations, in which this amount was presented under the caption of administrative expenses in the consolidated and separate statements of comprehensive income for the year ended December 31, 2018.

3. As disclosed in Note 13.16 to the financial statements, Ferrum Energy Co., Ltd., a subsidiary company, sold all of its investment in Mitprasong Greenpower Co., Ltd. to a company (buyer) at a total price of Baht 102 million, with the cash consideration received of Baht 60 million and 84,000 ordinary shares of the buyer. The Group recognized loss from sale of investment in Mitprasong Greenpower Co., Ltd. of Baht 13 million as other expenses in the consolidated statement of comprehensive income for the year ended December 31, 2018.

Other Information

Management is responsible for the other information. The other information comprises information in the annual report, which is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

We have read other information prepared for issuance in the annual report, we did not find any material inconsistency therein which we have to report.

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

Management is responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with TFRSs, and for such internal control as management determines 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, management is 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 management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements

Our 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 our 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, we exercise professional judgment and maintain professional skepticism throughout the audit. We 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 our opinion. The risk of not detecting a material misstatement resulting

from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our 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 the 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. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we 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 our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we 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. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



Wonlop Vilaivaravit

BANGKOK

March 2, 2020

Registration No. 6797

Certified Public Accountant (Thailand)

DELOITTE TOUCHE TOHMATSU JAIYOS AUDIT CO., LTD.

Statements of Financial Position

Seven Utilities and Power Public Company Limited (“the Company”) would like to report the statements of financial position of the Company and its subsidiaries for the year 2019, ended 31 December 2019 as follows:

| UNIT : BAHT | | | | | |
|---|-------|-------------------------------|--|-------------------------------|-------------------------------|
| | Noted | Consolidated | | Separate | |
| | | Financial Statements | | Financial Statements | |
| | | As at December 31, 2019 | As at December 31, 2018 “Restated” | As at December 31, 2019 | As at December 31, 2018 |
| ASSETS | | | | | |
| CURRENT ASSETS | | | | | |
| Cash and cash equivalents | 6.1 | 111,641,062 | 150,341,624 | 6,976,967 | 2,841,312 |
| Temporary investments | 7 | 7,370,672 | 9,353,630 | 7,370,672 | 9,353,630 |
| Trade and other current receivables | 5, 8 | 353,544,769 | 164,175,975 | 75,814,907 | 62,680,952 |
| Current portion of finance lease receivable due within 1 year | 8.4 | 13,595,980 | - | - | - |
| Short-term loans to related parties | 5, 9 | 9,160,990 | 58,575,000 | 684,010,042 | 499,989,100 |
| Current portion of long-term loans due within 1 year | 9 | 12,000,000 | 12,000,000 | 12,000,000 | 12,000,000 |
| Inventories | 10 | 16,632,782 | 27,791,037 | 17,629 | - |
| Total Current Assets | | 523,946,255 | 422,237,266 | 786,190,217 | 586,864,994 |
| NON-CURRENT ASSETS | | | | | |
| Restricted bank deposits | 11 | 76,210,681 | 72,945,949 | - | - |
| Finance lease receivable | 8.4 | 129,632,074 | - | - | - |
| Investments in associates | 12 | 139,105,904 | - | - | - |
| Investments in subsidiaries | 13 | - | - | 772,243,773 | 736,743,773 |
| Other long-term investments | 14 | 24,800,500 | 24,800,500 | - | - |
| Long-term loans | 9 | 8,000,000 | 19,000,000 | 8,000,000 | 19,000,000 |
| Investment property | 16 | - | - | 204,680,000 | 203,200,000 |
| Property, plant and equipment | 17 | 693,800,214 | 739,741,311 | 206,487,148 | 212,298,412 |
| Leasehold rights | 18 | 62,652,681 | 48,338,657 | 13,169 | 588,476 |
| Goodwill | 19 | 222,206,810 | 186,695,180 | - | - |
| Intangible assets | 20 | 251,593,026 | 272,872,800 | 3,443,774 | 3,792,361 |
| Deposits for business due diligence | 21 | 75,000,000 | 170,000,000 | 75,000,000 | 160,000,000 |
| Deferred tax assets | 36 | 3,706,365 | 2,239,184 | - | - |
| Other non-current assets | 22 | 54,633,704 | 6,927,772 | 383,949 | 394,950 |
| Total Non-Current Assets | | 1,741,341,959 | 1,543,561,353 | 1,270,251,813 | 1,336,017,972 |
| TOTAL ASSETS | | 2,265,288,214 | 1,965,798,619 | 2,056,442,030 | 1,922,882,966 |

Notes to the financial statements form an integral part of these statements

Statements of Financial Position (Continued)

UNIT : BAHT

| | Noted | Consolidated | | Separate | |
|--|-------|-------------------------------|--|-------------------------------|-------------------------------|
| | | Financial Statements | | Financial Statements | |
| | | As at December 31, 2019 | As at December 31, 2018 “Restated” | As at December 31, 2019 | As at December 31, 2018 |
| LIABILITIES AND SHAREHOLDERS’ EQUITY | | | | | |
| CURRENT LIABILITIES | | | | | |
| Bank overdraft and short-term borrowings from financial institutions | 23 | 110,000,000 | 130,394,538 | 70,000,000 | 67,500,000 |
| Trade and other current payables | 5, 24 | 214,983,567 | 149,290,724 | 73,754,354 | 60,154,687 |
| Current portion of long-term borrowings from financial institutions | 26 | 64,656,500 | 67,280,000 | - | - |
| Current portion of liabilities under finance lease agreements | 27 | 2,796,713 | 2,036,026 | 2,472,040 | 1,733,130 |
| Short-term borrowings | 25 | 69,392,165 | 22,098,000 | 89,105,000 | 75,000,000 |
| Government grants | 28 | - | 750,000 | - | - |
| Current income tax payable | | 1,033,591 | 649,551 | - | - |
| Share of loss in investment in a joint venture | 15 | 6,450,914 | 6,450,914 | - | - |
| Total Current Liabilities | | 469,313,450 | 378,949,753 | 235,331,394 | 204,387,817 |
| NON-CURRENT LIABILITIES | | | | | |
| Long-term borrowings from financial institutions | 26 | 94,113,159 | 80,824,435 | - | - |
| Liabilities under finance lease agreements | 27 | 7,691,269 | 7,898,287 | 7,147,102 | 6,957,164 |
| Government grants | 28 | - | 12,207,534 | - | - |
| Deferred tax liabilities | 36 | 88,168,182 | 85,391,689 | 65,005,347 | 63,770,981 |
| Provision for employee benefits | 29 | 10,909,081 | 6,322,883 | 3,458,870 | 1,954,576 |
| Other non-current liabilities | | 915,844 | 691,301 | 537,570 | 385,290 |
| Total Non-Current Liabilities | | 201,797,535 | 193,336,129 | 76,148,889 | 73,068,011 |
| TOTAL LIABILITIES | | 671,110,985 | 572,285,882 | 311,480,283 | 277,455,828 |

Notes to the financial statements form an integral part of these statements

Statements of Profit or Loss and Other Comprehensive Income

Seven Utilities and Power Public Company Limited (“the Company”) would like to report the statements of profit or loss and other comprehensive income of the Company and its subsidiaries for the year 2019, ended 31 December 2019 as follows:

| UNIT : BAHT | | | | | |
|---|-------|----------------------|---------------|----------------------|---------------|
| Noted | | Consolidated | | Separate | |
| | | Financial Statements | | Financial Statements | |
| | | 2019 | 2018 | 2019 | 2018 |
| Revenues from sales and rendering of services | | | | | |
| Revenues from sales | | 885,899,758 | 586,526,759 | 2,695,000 | 2,117,600 |
| Revenues from rendering of services | | 139,811,646 | 96,748,571 | - | - |
| Total revenues | | 1,025,711,404 | 683,275,330 | 2,695,000 | 2,117,600 |
| Costs of sales of goods and rendering of services | | | | | |
| Costs of sales of goods | | (748,650,130) | (434,885,755) | (1,877,912) | (1,556,307) |
| Costs of rendering of services | | (87,900,829) | (61,422,446) | - | - |
| Total costs | | (836,550,959) | (496,308,201) | (1,877,912) | (1,556,307) |
| Gross profit | | | | | |
| Other incomes | 34 | 114,017,320 | 77,158,047 | 94,788,628 | 80,182,899 |
| Gain from bargain purchase of investment in a subsidiary | 4.4 | 2,342,255 | 30,771,392 | - | - |
| Gain on sale of investment in associates | 12.2 | 3,100,000 | - | - | - |
| Gain on sale of investment in a subsidiary | 13.9 | 137,395,907 | - | 60,000,000 | - |
| Selling expenses | | (32,335,521) | (30,790,617) | (1,323,324) | (415,100) |
| Administrative expenses | | (356,480,820) | (316,721,793) | (68,782,535) | (133,847,818) |
| Other expenses | 13.16 | - | (12,702,110) | - | - |
| Reversal of allowance for diminution in value | 21 | 50,000,000 | - | - | - |
| Finance costs | | (15,207,577) | (15,240,064) | (11,448,166) | (4,053,008) |
| Share of profit from investment in an associate | | 4,105,904 | - | - | - |
| Share of profit from investment in joint venture | | - | 355,029 | - | - |
| Profit (loss) before income tax (expense) income | | 96,097,913 | (80,202,987) | 74,051,691 | (57,571,734) |
| Income tax income (expense) | 36 | (8,591,944) | (831,655) | (1,980,817) | (1,985,102) |
| NET PROFIT (LOSS) FOR THE YEAR | | 87,505,969 | (81,034,642) | 72,070,874 | (59,556,836) |
| Other comprehensive income (loss): | | | | | |
| Items that will be not reclassified subsequently to profit or loss: | | | | | |
| Gain (loss) on revaluation of assets | | (3,159,292) | 4,794,567 | (3,105,748) | 185,695,185 |
| Income tax effect | | 621,150 | (969,622) | 621,150 | (37,139,037) |
| Other comprehensive income (loss) - net of income tax | | (2,538,142) | 3,824,945 | (2,484,598) | 148,556,148 |
| Actuarial gain (loss) | | (1,727,370) | (281,613) | (472,949) | 349,475 |
| Share of other comprehensive income from investment in an associate | | 283,659 | - | - | - |
| Income tax effect | | 617,908 | 103,597 | 125,301 | - |
| TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR | | 84,142,024 | (77,387,713) | 69,238,628 | 89,348,787 |

Notes to the financial statements form an integral part of these statements

Statements of Profit or Loss and Other Comprehensive Income (Continued)

UNIT : BAHT

| | Noted | Consolidated | | Separate | |
|--|-------|----------------------|---------------|----------------------|---------------|
| | | Financial Statements | | Financial Statements | |
| | | 2019 | 2018 | 2019 | 2018 |
| PROFIT (LOSS) FOR THE YEAR ATTRIBUTABLE TO : | | | | | |
| Owners of the parent | | 86,613,171 | (79,529,286) | 72,070,874 | (59,556,836) |
| Non-controlling interests | | 892,798 | (1,505,356) | - | - |
| | | 87,505,969 | (81,034,642) | 72,070,874 | (59,556,836) |
| TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR | | | | | |
| ATTRIBUTABLE TO | | | | | |
| Owners of the parent | | 83,277,243 | (75,860,939) | 69,238,628 | 89,348,787 |
| Non-controlling interests | | 864,781 | (1,526,774) | - | - |
| | | 84,142,024 | (77,387,713) | 69,238,628 | 89,348,787 |
| EARNINGS (LOSS) PER SHARE | | | | | |
| Basic earnings (loss) per share (Baht) | 38 | 0.029 | (0.027) | 0.024 | (0.020) |
| Weighted average number of ordinary shares (Thousand shares) | | 3,029,598,102 | 2,919,429,383 | 3,029,598,102 | 2,919,429,383 |

Notes to the financial statements form an integral part of these statements

Statements of Cash Flows

Seven Utilities and Power Public Company Limited (“the Company”) would like to report the statements of cash flows of the Company and its subsidiaries for the year 2019, ended 31 December 2019 as follows:

| UNIT : BAHT | | | | |
|---|----------------------|--------------|----------------------|--------------|
| Noted | Consolidated | | Separate | |
| | Financial Statements | | Financial Statements | |
| | 2019 | 2018 | 2019 | 2018 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| Profit (loss) before income tax | 96,097,913 | (80,202,987) | 74,051,691 | (57,571,734) |
| Items to reconcile profit (loss) to cash received (paid): | | | | |
| Unrealized (gain) loss on exchange | (1,992,386) | 51,068 | - | 52,191 |
| Gain on change in value of temporary investments | (254,556) | (9,353,630) | (254,556) | (9,353,630) |
| Gain on sale of temporary investments | (256,896) | - | (256,896) | - |
| Gain from bargain purchase of investment in a subsidiary | (2,342,255) | (30,771,392) | - | - |
| Gain on sale of investment in an associate | (3,100,000) | - | - | - |
| (Gain) loss on sale of investment in a subsidiary | (137,395,907) | 12,702,110 | (60,000,000) | - |
| Reversal of doubtful debt - trade and other current receivables | (23,502,696) | (5,575,630) | (17,033,984) | (71,255,865) |
| Bad debt - deposit for business due diligence | - | 9,000,000 | - | 9,000,000 |
| Doubtful debt - deposit for business due diligence (Reversal) | (50,000,000) | 50,000,000 | - | - |
| Doubtful debt - short-term loans to related parties (Reversal) | 55,819,000 | (47,371) | (6,779,808) | (32,647,371) |
| Loss on impairment of investments in subsidiaries | - | - | - | 151,859,235 |
| Increase in provision for inventory diminution | 15,807 | - | - | - |
| Share of profit from investment in associates | (4,105,904) | - | - | - |
| Share of profit from investment in joint venture | - | (355,029) | - | - |
| Gain on fair value of investment properties | - | - | (1,480,000) | - |
| Gain on disposal of fixed assets | (17,999,982) | (187,335) | (2,900,534) | (187,335) |
| Loss on fixed assets written off | - | 19,712 | - | 12,250 |
| Depreciation | 56,975,833 | 70,674,335 | 9,178,268 | 11,321,045 |
| Amortization - leasehold rights | 2,406,301 | 873,360 | 575,307 | 641,349 |
| Amortization - intangible assets | 21,893,073 | 18,280,345 | 879,487 | 824,735 |
| Reversal of allowance for impairment of intangible assets | - | (717,168) | - | - |
| Amortization of deferred interest under finance lease agreement | 590,660 | 408,711 | 498,762 | 390,470 |
| Government grant income | (12,207,534) | (2,182,821) | - | - |
| Provision for long-term employee benefits | 2,957,998 | 1,214,590 | 1,031,344 | 472,372 |
| Loss on impairment of goodwill | 21,225,000 | - | - | - |
| Interest income | (4,687,980) | (3,284,320) | (40,709,385) | (24,711,517) |
| Interest expenses | 14,616,917 | 14,831,353 | 10,949,405 | 3,662,538 |

Notes to the financial statements form an integral part of these statements

Statements of Cash Flows (Continued)

UNIT : BAHT

| Noted | Consolidated | | Separate | |
|--|----------------------|---------------|----------------------|---------------|
| | Financial Statements | | Financial Statements | |
| | 2019 | 2018 | 2019 | 2018 |
| Gain (loss) from operating activities before changes in operating assets and liabilities | 14,752,406 | 45,377,901 | (32,250,899) | (17,491,267) |
| Operating assets (increase) decrease | | | | |
| Trade and other current receivables | 70,715,678 | 12,939,061 | 30,120,302 | 55,488,934 |
| Inventories | 11,158,255 | (15,204,002) | (17,629) | - |
| Other non-current assets | (47,398,942) | 4,523,337 | 11,000 | - |
| Leasehold right | (16,720,325) | (47,982,191) | - | - |
| Operating liabilities increase (decrease) | | | | |
| Trade and other current payables | (74,655,146) | 5,201,930 | 7,020,876 | (3,134,720) |
| Other non-current liabilities | 224,544 | 691,301 | 152,280 | 385,290 |
| Cash received from operating activities | (41,923,530) | 5,547,337 | 5,035,930 | 35,248,237 |
| Income tax expense paid | (8,207,904) | (7,266,327) | (1,980,817) | (838,261) |
| Net cash (used in) provided by operating activities | (50,131,434) | (1,718,990) | 3,055,113 | 34,409,976 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | |
| Cash received from sales of temporary investments | 2,494,410 | - | 2,494,410 | - |
| Cash received from sales of investment in a subsidiary | 59,928,000 | 55,436,526 | 59,928,000 | - |
| Cash received from short-term loans to related parties | - | - | 319,598,016 | 279,635,995 |
| Cash payments to provide short-term loans to related parties | - | (31,000,000) | (496,839,150) | (382,401,595) |
| Cash received from long-term loans | 11,000,000 | - | 11,000,000 | - |
| Increase in restricted bank deposits | (3,264,732) | (36,985,439) | - | - |
| Cash payments for other long-term investment | - | (500) | - | - |
| Cash payments for purchase of investments in associates | (145,799,900) | - | - | - |
| Cash received from sales of investment in an associate | 13,899,900 | - | - | - |
| Cash payments for purchase of investments in subsidiaries | (36,185,078) | (43,645,704) | - | (24,000,000) |
| Cash payments for share increment of a subsidiary | - | - | (35,500,000) | (220,000,000) |
| Cash payments for purchase of equipment | (84,233,382) | (84,211,513) | (1,408,118) | (3,120,604) |
| Cash payments for purchase of intangible assets | (611,542) | (898,750) | (530,900) | (898,750) |
| Cash payments for purchase of leasehold right | 16,720,325 | - | - | - |
| Cash received from disposals of equipment | 8,821,000 | 1,252,397 | 1,825,295 | 1,252,300 |
| Cash payments for deposit of equipment | - | (66,000,000) | - | - |
| Cash received from deposit of equipment | - | 66,000,000 | - | - |
| Cash payments for business due diligence | (15,000,000) | (170,000,000) | (15,000,000) | (160,000,000) |
| Cash received from deposit for business due diligence | 160,000,000 | 9,000,000 | 100,000,000 | 9,000,000 |
| Cash received from interest income | 8,348,980 | (396,352) | 16,158,657 | 10,569,073 |
| Net cash provided by (used in) investing activities | (3,882,019) | (301,449,335) | (38,273,790) | (489,963,581) |

Notes to the financial statements form an integral part of these statements

Statements of Cash Flows (Continued)

UNIT : BAHT

| | Noted | Consolidated | | Separate | |
|---|-------|----------------------|---------------|----------------------|---------------|
| | | Financial Statements | | Financial Statements | |
| | | 2019 | 2018 | 2019 | 2018 |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | | |
| Decrease in bank overdrafts | | (2,894,538) | (10,024,651) | - | (7,685,828) |
| Cash received from short-term borrowings from a related party | | 111,303,019 | 13,500,000 | 24,350,000 | 75,000,000 |
| Cash payments for short-term borrowings from a related party | | (100,496,164) | (15,500,000) | (10,245,000) | - |
| Cash received for short-term borrowings from financial institutions | | - | 331,490,174 | 2,500,000 | 240,000,000 |
| Cash payments for short-term borrowings from financial institutions | | (17,500,000) | (283,500,000) | - | (225,500,000) |
| Cash received for long-term borrowings from financial institutions | | 78,925,224 | 46,074,376 | - | - |
| Cash payments for long-term borrowings from financial institutions | | (68,260,000) | (62,247,000) | - | - |
| Cash received from warrants | | 30,295,981 | - | 30,295,981 | - |
| Cash payments for liabilities under finance lease agreements | | (2,317,714) | (3,437,419) | (1,892,035) | (3,287,751) |
| Increase in share capital | | - | 358,368,892 | - | 358,368,893 |
| Cash payments for interest expenses | | (13,742,917) | (19,906,108) | (5,654,614) | (1,830,175) |
| Net cash provided by financing activities | | 15,312,891 | 354,818,264 | 39,354,332 | 435,065,139 |
| Net increase in cash and cash equivalents | | (38,700,562) | 51,649,939 | 4,135,655 | (20,488,466) |
| Cash and cash equivalents at the beginning of the year | | 150,341,624 | 98,691,685 | 2,841,312 | 23,329,778 |
| Cash and cash equivalents at the end of the year | 6.1 | 111,641,062 | 150,341,624 | 6,976,967 | 2,841,312 |

Notes to the financial statements form an integral part of these statements

The background features a complex arrangement of geometric shapes. A large yellow rectangle occupies the right side. A dark blue horizontal bar is at the top left. A light gray rectangle is positioned behind the text. A dark blue vertical bar is on the right. A dark blue circle is in the bottom right, overlapping a smaller yellow circle. A dark blue horizontal bar is at the bottom.

Financial Statement and Notes to Financial Statement

SEVEN UTILITIES AND POWER PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

1. COMPANY OPERATIONS AND OTHER INFORMATION

Seven Utilities and Power Public Company Limited (the “Company”) is a public company limited under Public Company Limited Act, B.E. 2535 which was incorporated on September 18, 1995 and listed in the Stock Exchange of Thailand on February 11, 2002. The Company incorporated and domiciled in Thailand. The registered office of the Company is at 73 Mahachol Building, Soi Sukhumvit 62, Sukhumvit Road, Phrakhanong Tai, Phrakhanong, Bangkok.

For reporting purpose, the Company and its subsidiaries are referred as the “Group”.

The principal business operations of the Company is investment holding in the Group.

The Group is principally engaged in LPG and oil distribution including its relative service station operation; operation of trunked radio business; operation of renewable energy business, and other business.

Detail of subsidiaries as at December 31, 2019 and 2018 are as follows:

| Company name | Nature of business | Country of incorporation | Percentage of shareholding | |
|---|---|--------------------------|----------------------------|--------|
| | | | 2019 % | 2018 % |
| Direct subsidiaries | | | | |
| Star Gas Co., Ltd. | Operation of LPG stations | Thailand | 99.99 | 99.99 |
| M-Solution Co., Ltd. | Distribution, development and service rendered of Trunked radio and Internet of Things (IoT) | Thailand | 99.99 | 99.99 |
| Ferrum Capital Co., Ltd. | Operation of investment business | Thailand | 99.99 | 99.99 |
| SAM Water Supply Co., Ltd. | Operation of water treatment solutions | Thailand | 90.84 | 80.00 |
| Beyond Healthcare Co., Ltd. (Formerly known as “Telex Asia Corporation Co., Ltd.”) (see Note 13.11) | Sale of beauty and health care products (As at December 31, 2018: Temporarily ceased its business) | Thailand | 99.99 | 99.99 |
| System and software services Co., Ltd. (Formerly known as “M Link Shop Co., Ltd.”) (see Notes 13.9 and 13.10) | As at December 31, 2019 and 2018: Temporarily ceased its business. | Thailand | - | 95.00 |
| Indirect subsidiaries | | | | |
| R.A. Logistics Co., Ltd. | Transportation of LPG | Thailand | 99.99 | 99.99 |
| Tawatpinyo Co., Ltd. | Management of NGV gas stations | Thailand | 99.99 | 99.99 |
| Star Petroleum Plus Co., Ltd. | Operation of oil and non-oil business | Thailand | 99.99 | 99.99 |
| Ferrum Energy Co., Ltd. | Operation of investment business, joint investment or business development relating to energy or future energy projects | Thailand | 99.99 | 99.99 |
| Informatixplus Co., Ltd. | Distribution, development and service rendered of internal communication software | Thailand | 99.99 | 99.99 |

| Company name | Nature of business | Country of incorporation | Percentage of shareholding | |
|--|--|--------------------------|----------------------------|--------|
| | | | 2019 % | 2018 % |
| Indirect subsidiaries (continued) | | | | |
| Phrasaeng Green Power Co., Ltd. | Production and distribution of biogas electricity | Thailand | 60.00 | 60.00 |
| Chiang Mai Waste2power Co., Ltd. | During liquidation process and completed on January 27, 2020 | Thailand | 100.00 | 100.00 |
| Eco Energy Group Corporation Co., Ltd. | Operation of investment business | Thailand | 76.92 | - |
| Pracharat Biomass Mae Lan Co., Ltd. | Production and distribution of electricity | Thailand | 59.37 | - |
| Pracharat Biomass Bannang Sata Co., Ltd. | Production and distribution of electricity | Thailand | 59.30 | - |
| Energy Revolution Co., Ltd.* | Production and sales of energy saving technology | Thailand | 30.00 | - |
| ERV International Co.,Ltd.** | Buy-Sell, Export-Import energy saving technology | Thailand | 99.97 | - |

(*) The Group acquired this company on September 24, 2019 and had power over this company.(See Note 4.4)

(**) The company has registered its establishment on December 20 ,2019 (see Note 13.14.2)

The Company and its subsidiaries have extensive transaction and relationships with the related companies. Accordingly, the accompanying financial statements may not necessarily be indicative of the condition that would have existed or the results of operation that would have occurred had the Company and its subsidiaries operated without such affiliation.

2. BASIS FOR PREPARATION AND PRESENTATION OF THE FINANCIAL STATEMENTS

- 2.1 The Group maintains its accounting records in Thai Baht and prepares its statutory financial statements in the Thai language in conformity with Thai Financial Reporting Standards and accounting practices generally accepted in Thailand.
- 2.2 The Group's financial statements have been prepared in accordance with the Thai Accounting Standard (TAS) No. 1 (Revised 2018) "Presentation of Financial Statements", which was effective for financial periods beginning on or after January 1, 2019 onward, and the Regulation of The Stock Exchange of Thailand (SET) dated October 2, 2017, regarding the preparation and submission of financial statements and reports for the financial position and results of operations of the listed companies B.E. 2560 and the Notification of the Department of Business Development regarding "The Brief Particulars in the Financial Statement (No.2) B.E. 2559" dated October 11, 2016.
- 2.3 The financial statements have been prepared under the historical cost convention except as disclosed in the significant accounting policies (see Note 3).
- 2.4 The consolidated and separate financial statements for the year ended December 31, 2018 (before restate), presented herein as comparative information, were audited by other auditor.

2.5 Thai Financial Reporting Standards affecting the presentation and disclosure in the current period financial statements

During the year, the Company has adopted the revised and new financial reporting standards and guidelines on accounting issued by the Federation of Accounting Professions which become effective for fiscal years beginning on or after January 1, 2019. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards. The adoption of these financial reporting standards does not have any material impact on the Group and the Company's financial statements.

Thai Accounting Standard No.28 (Revised 2018) "Investment in Associates and Joint Ventures"

This revised accounting standard clarifies about the election of measurement an investment in an associate or a joint venture at fair value through profit or loss (that is held by, or is held indirectly through, an entity that is a venture capital organization, or a mutual fund, unit trust and similar entities including investment-linked insurance funds). An entity shall make this election separately for each associate or joint venture, at initial recognition of the associate or joint venture. This accounting standard requires retrospective method for such amendment.

In addition, this revised accounting standard clarifies the consideration about the impairment of an investment in an associate or a joint venture.

Thai Accounting Standard No.40 (Revised 2018) "Investment Property"

This revised accounting standard clarifies about transfers of investment property to, or from, other accounts when, and only when, there is a change in use. This accounting standard requires prospective method for such amendment.

Thai Financial Reporting Standard No.15 "Revenue from Contracts with Customers" ("TFRS 15")

The core principle of this TFRS is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects to consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

Step 1: Identify the contract(s) with a customer

Step 2: Identify the performance obligations in the contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation

Under this TFRS, an entity recognizes revenue when (or as) a performance obligation is satisfied, i.e. when ‘control’ of the goods or services underlying the particular performance obligation is transferred to the customer.

This TFRS supersedes the following revenue Standards and Interpretations upon its effective date: Thai Accounting Standard No.11 “Construction Contracts”, Thai Accounting Standard No.18 “Revenue”, Thai Accounting Standard Interpretation No.31 “Revenue-Barter Transactions Involving Advertising Services”, Thai Financial Reporting Standard Interpretation No.13 “Customer Loyalty Programmes”, Thai Financial Reporting Standard Interpretation No.15 “Agreements for the Construction of Real Estate” and Thai Financial Reporting Standard Interpretation No.18 “Transfers of Assets from Customers”.

Significant accounting policies regarding revenue recognition have been disclosed in notes to the financial statements No. 3.1. The adoption of these financial reporting standards does not have any significant impact on the financial statements of the Group.

2.6 Thai Financial Reporting Standards announced in the Royal Gazette but not yet effective

The Federation of Accounting Professions has issued the Notification regarding Thai Accounting Standards, Thai Financial Reporting Standards, Thai Accounting Standards Interpretation and Thai Financial Reporting Standard Interpretation, which have been announced in the Royal Gazette and will be effective for the financial statements for the period beginning on or after January 1, 2020 onwards. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards.

The Group’s management will adopt such TFRSs in the preparation of the Group’s financial statements when it becomes effective. The Group’s management has assessed the impact of these TFRSs and considered that the adoption of these financial reporting standards does not have any material impact on the financial statements of the Group in the period of initial application, except the financial reporting standards as follow:

Thai Accounting Standard No.12 “Income Taxes”

This revised accounting standard clarifies about recognition the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognized the transactions that generated the distributable profits. This is the case irrespective of whether different tax rates apply to distributed and undistributed profits. An entity shall apply those amendments to the income tax consequences of dividends recognized on or after the beginning of the earliest comparative period. Earlier application is permitted.

Thai Accounting Standard No.19 “Employee Benefits”

This revised accounting standard clarifies that the past service cost or of the gain or loss on settlement is calculated by measuring the defined benefit liability (asset) using updated assumptions and comparing benefits offered and plan assets before and after the plan amendment or curtailment or settlement but ignoring the effect of the asset ceiling (that may arise when the defined benefit plan is in a surplus position). This accounting standard requires prospective method for such amendment. It applies only to plan amendments, curtailments or settlements that occur on or after the beginning of the annual period in which it is first applied. Earlier application is permitted.

Thai Accounting Standard No.23 “Borrowing Costs”

This revised accounting standard clarifies that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalization rate on general borrowings. This accounting standard requires prospective method for such amendment. Earlier application is permitted.

Thai Accounting Standard No.28 “Investments in Associates and Joint Ventures”

This revised accounting standard clarifies about the application of TFRS 9, including its impairment requirements, to long-term interests. An entity does not take into account adjustments to their carrying amount required by TAS 28 (i.e., adjustments to the carrying amount of long-term interests arising from the allocation of losses of the investee or assessment of impairment in accordance with TAS 28). This accounting standard requires retrospective method for such amendment. Earlier application is permitted.

Thai Financial Reporting Standard No.3 “Business Combinations”

This revised financial reporting standard clarifies that when an entity obtains control of a business that is a joint operation, the entity applies the requirements for a business combination achieved in stages, including remeasuring its previously held interest in the joint operation at fair value. The previously held interest to be remeasured includes any unrecognized assets, liabilities and goodwill relating to the joint operation. This revised financial reporting standard requires prospective method for such amendment. Earlier application is permitted.

Thai Financial Reporting Standard No.11 “Joint Arrangements”

This revised financial reporting standard clarifies that when a party that participates in, but does not have joint control of, a joint operation that is a business obtains joint control of such a joint control, the entity does not remeasure its previously held interest in the joint operation. This revised financial reporting standard requires prospective method for such amendment. Earlier application is permitted.

Group of Financial Instruments Standards

Thai Accounting Standards (“TAS”)

TAS 32 Financial Instruments: Presentation

Thai Financial Reporting Standards (“TFRS”)

TFRS 7 Financial Instruments: Disclosures

TFRS 9 Financial Instruments

Thai Financial Reporting Standard Interpretations (“TFRIC”)

TFRIC 16 Hedges of a Net Investment in a Foreign Operation

TFRIC 19 Extinguishing Financial Liabilities with Equity Instruments

These group of Standards make stipulations relating to the classification of financial instruments and their measurement at fair value or amortized cost; taking into account the type of instrument, the characteristics of the contractual cash flows and the Company’s business model, the calculation of impairment using the expected credit loss method, and the concept of hedge accounting. These include stipulations regarding the presentation and disclosure of financial instruments. These Standards will supersede the Standards and Interpretations relating to the financial instruments upon its effective date.

The Group’s management is in the process to assess the impact of these Financial Instruments Standards on the financial statements of the Group in the period of initial application.

Thai Financial Reporting Standards No. 16 “Leases”

This TFRS provides a comprehensive model for the identification if lease arrangements and their treatment in the financial statements of both lessees and lessors.

This TFRS will supersede the following lease Standards and Interpretations upon its effective date, which are Thai Accounting Standard No.17 “Leases”, Thai Accounting Standard Interpretation No.15 “Operating Lease - Incentives”, Thai Accounting Standard Interpretation No.27 “Evaluating the Substance of Transactions involving the Legal Form of a Lease” and Thai Financial Reporting Standard Interpretation No.4 “Determining whether on Arrangement contains a Lease”.

For lessee accounting, there are significant changes to lease accounting in this TFRS by removing the distinction between operating and finance leases under TAS 17 and requiring a lessee to recognize a right-of-use asset and a lease liability at commencement for all leases, except for short-term- leases and leases of low value assets. However, the lessor accounting treatment continues to require a lessor to classify a lease either as an operating lease or a finance lease, using the same concept as TAS 17.

The Group’s management is in the process to assess the impact of this TFRS on the financial statements of the Group in the period of initial application.

Thai Financial Reporting Standards (Revised 2019)

46 numbers of Thai Accounting Standards, Thai Financial Reporting Standards, Thai Accounting Standards Interpretation and Thai Financial Reporting Standards Interpretation (Revised 2019) have been announced in the Royal Gazette on September 24, 2019 without material change in key concept, which will be effective for the financial statements for the period beginning on or after January 1, 2020 onwards.

The Group's management will adopt such TFRSs in the preparation of the Group's financial statements when it becomes effective. The Group's management is in the process to assess the impact of these TFRSs on the financial statements of the Group in the period of initial application.

3. SIGNIFICANT ACCOUNTING POLICIES

Significant accounting policies are as follows:

3.1 Revenues recognition

Revenues from Sales

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

Revenues from rendering of services

Service income consists of gas transportation income and maintenance service income. Service income is recognized over time when services have been rendered taking into account the stage of completion. Service rate charged and service period are stipulated in the contract. Commissions paid or discounts given to counterparties who are considered to be customers of the Group are recorded net of revenues from services.

Revenues from system installation services

Revenue from system installation services is recognized upon completion of service in cases where the projects are low value, the work had a short duration, and control of the assets created has not yet been transferred to the customers.

Management fee income

Management fee income is recognized on an accrual basis in accordance with terms and conditions stipulated in the agreements.

Interest income

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

Government grants

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an asset, it is recognized as deferred income and released to income in equal amounts over the expected useful life of the related asset.

3.2 Cash and cash equivalents

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

3.3 Trade receivable and other current receivables

Trade receivables and other current receivables are stated at their invoice value less allowance for doubtful accounts.

The allowance for doubtful accounts is assessed primarily on analysis of payment histories and future expectations of customer payments.

3.4 Inventories

Inventories are valued at the lower of average cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs necessary to make the sale.

Reduce cost of inventories to net realizable value will be set up for old, obsolete, slow moving or deteriorated inventories.

3.5 Group accounting - investments in subsidiaries and investment in an associate

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 recognizes 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 achieving 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-measured are recognized in profit or loss.

Any contingent consideration to be transferred by the Group is recognized 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 recognized 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 recognize 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 recognized directly in profit or loss.

Intercompany transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized 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 separate 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.

A list of the Group's principal subsidiaries is set out in Note 1.

Transactions and 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 shareholders' equity.

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 recognized 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 recognized 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.

Associates

Associates are all entities over which the Group has significant influence but not control. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognized at cost, and the carrying amount is increased or decreased to recognize the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investment in associates includes goodwill identified on acquisition.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognized in other comprehensive income is reclassified to profit or loss where appropriate.

The Group's share of its associates' post-acquisition profits or losses is recognized in the profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the associate.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognizes the amount adjacent to share of profit (loss) of associates in the statement of profit or loss and other comprehensive income.

Unrealized gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

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

3.6 Investments

Temporary investment

Trading and available-for-sale securities are presented at fair value. The fair value of equity securities which is publicly traded securities is measured at the last bidding price of the last operating day of the year of the Stock Exchange of Thailand.

Gain or loss on the change in fair value of trading securities is recognized as unrealized gains or losses in the statement of profit or loss and other comprehensive income.

Other long-term investment

Other long-term investment is equity securities which is no marketable security are stated at cost less any impairment losses.

3.7 Investment properties

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value. Any gains or losses arising from changes in the value of investment properties are recognized in profit or loss when incurred.

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

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Company accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

3.8 Property, plant and equipment

Land is stated at revalued amount. Buildings and building improvements are stated at revalued amount less accumulated depreciation and allowance for loss on impairment of assets (if any). Equipment are stated at cost less accumulated depreciation and allowance for loss on impairment of assets (if any).

Land, buildings and building improvements are initially recorded at cost on the acquisition date, and subsequently revalued by an independent professional appraiser to their fair values. Revaluations are made with sufficient regularity to ensure that the carrying amount does not differ materially from fair value at the end of reporting period.

Differences arising from the revaluation are dealt with in the financial statements as follows:

- When an asset's carrying amount is increased as a result of a revaluation of the Company's and its subsidiaries' assets, the increase is credited directly to the other comprehensive income and the cumulative increase is recognized in equity under the heading of "Surplus on revaluation of assets". However, a revaluation increase is recognized as income to the extent that it reverses a revaluation decrease in respect of the same asset previously recognized as an expense.
- When an asset's carrying amount is decreased as a result of a revaluation of the Company's and its subsidiaries' assets, the decrease is recognized in profit or loss. However, the revaluation decrease is charged to the other comprehensive income to the extent that it does not exceed an amount already held in "Surplus on revaluation of assets" in respect of the same asset.

Property, plant and equipment acquired through business combination are initially recognized at their fair value on the date of business acquisition.

Depreciation of plant and equipment is calculated by reference to their costs or the revalued amount, on the straight-line basis over the following estimated useful lives:

| | |
|--|-----------------|
| Land improvements | 21 - 23 years |
| Buildings and building improvements | 20 and 46 years |
| Biogas electricity generating system | 20 years |
| Machinery and equipment | 10 years |
| Computer | 3 years |
| Office equipment | 5 years |
| Furniture and fixtures | 5 - 15 years |
| Motor vehicles | 5 years |
| Tools and equipment to repair mobile phone | 5 years |

No depreciation is provided on land and assets under installation.

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

3.9 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

3.10 Leasehold rights

Leasehold rights are carried at cost less any accumulated amortization and any accumulated impairment losses (if any).

Amortization is calculated over the term of each lease contract.

3.11 Intangible assets

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

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

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

| | |
|---|------------------|
| Computer software and application software | 5 years |
| Rights under electricity purchase and sale agreements | Contract periods |
| Rights and benefits under land lease agreements | Contract periods |
| Rights under gas station management agreements | Contract periods |
| Customer contract | 5 years |

3.12 Business combinations and goodwill

Business combinations are accounted for using the acquisition method with the cost of the acquisition being the fair value at the acquisition date of consideration transferred, and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest, if any, in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets.

Acquisition-related costs are accounted for as expenses in the periods in which the costs are incurred and the services are received.

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

Goodwill is carried at cost less any accumulated impairment losses. Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the Company's and its subsidiaries' cash generating units (or group of cash-generating units) that are expected to benefit from the synergies of the combination. The Company and its subsidiaries estimate the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognized in profit or loss. Impairment losses relating to goodwill cannot be reversed in future periods.

3.13 Related party transactions

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

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

3.14 Long-term leases

Finance leases

Leases of equipment which transfer substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalized at the lower of the fair value of the leased assets and the present value of the minimum lease payments. The outstanding rental obligations, net of finance charges, are included in long-term payables, while the interest element is charged to profit or loss over the lease period. The assets acquired under finance leases are depreciated over the useful life of the assets.

Operating leases

Leases of property, plant or equipment which do not transfer substantially all the risks and rewards of ownership to the lessee are classified as operating leases. Operating lease payments are recognized as an expense in profit or loss on a straight-line basis over the lease term.

3.15 Foreign currencies

The consolidated and separate financial statements are presented in Baht, which is also the Group's functional currency.

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

Gains and losses on exchange are included in determining income.

3.16 Impairment of assets

At the end of each reporting period, the Company and its subsidiaries perform impairment reviews in respect of the property, plant and equipment and other intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. The Company and its subsidiaries also carry out annual impairment reviews in respect of goodwill. An impairment loss is recognized when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount. In determining value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by a valuation model that, based on information available, reflects the amount that the Company and its subsidiaries could obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal.

An impairment loss is recognized in profit or loss. However in cases where property, plant and equipment was previously revalued and the revaluation was taken to equity, a part of such impairment is recognized in equity up to the amount of the previous revaluation.

In the assessment of asset impairment if there is any indication that previously recognized impairment losses may no longer exist or may have decreased, the Company and its subsidiaries estimate the asset's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The increased carrying amount of the asset attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit or loss unless the asset is carried at a revalued amount, in which case the reversal, which exceeds the carrying amount that would have been determined, is treated as a revaluation increase.

3.17 Employee benefits

Short-term employee benefits

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

Post-employment benefits

Defined contribution plans

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

Defined benefit plans

The Company and its subsidiaries have obligations in respect of the severance payments they must make to employees upon retirement under labor law. The Company and its subsidiaries treat these severance payment obligations as a defined benefit plan.

The obligation under the defined benefit plan is determined by a professionally qualified independent actuary based on actuarial techniques, using the projected unit credit method.

Actuarial gains and losses arising from defined benefit plans are recognized immediately in other comprehensive income.

3.18 Provisions

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

3.19 Income tax

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

Current income tax

Current income tax is provided in the accounts at the amount expected to be paid to the taxation authorities, based on taxable profits determined in accordance with tax legislation.

Deferred tax

Deferred income tax is provided on temporary differences between the tax bases of assets and liabilities and their carrying amounts at the end of each reporting period, using the tax rates enacted at the end of the reporting period.

The Company and its subsidiaries recognize deferred tax liabilities for all taxable temporary differences while they recognize deferred tax assets for all deductible temporary differences and tax losses carried forward to the extent that it is probable that future taxable profit will be available against which such deductible temporary differences and tax losses carried forward can be utilized.

At each reporting date, the Company and its subsidiaries review and reduce the carrying amount of deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

The Company and its subsidiaries record deferred tax directly to shareholders' equity if the tax relates to items that are recorded directly to shareholders' equity.

3.20 Derivative

Interest rate swap contracts

The net amount of interest to be received from or paid to the counterparty under an interest rate swap contract is recognized as income or expenses on an accrual basis. The subsidiary company recognized derivative assets/liabilities of interest swap contracts at fair value at the end of reporting period in the statement of financial position and recognizes movements in the fair value of derivative in profit or loss.

3.21 Financial instruments

The Company entered into interest rate swap agreements for asset management activities to control exposure to fluctuations in interest rates. Income and expense from interest rate swap agreements used to manage interest rate exposures are

recognized as adjustments to interest income or finance costs in the statement of profit or loss and other comprehensive income.

3.22 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between buyer and seller (market participants) at the measurement date. The Company and its subsidiaries apply a quoted market price in an active market to measure their assets and liabilities that are required to be measured at fair value by relevant financial reporting standards. Except in case of no active market of an identical asset or liability or when a quoted market price is not available, the Company and its subsidiaries measure fair value using valuation technique that are appropriate in the circumstances and maximises the use of relevant observable inputs related to assets and liabilities that are required to be measured at fair value.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy into three levels based on categorize of input to be used in fair value measurement as follows:

Level 1 - Use of quoted market prices in an active market for such assets or liabilities

Level 2 - Use of other observable inputs for such assets or liabilities, whether directly or indirectly

Level 3 - Use of unobservable inputs such as estimates of future cash flows

At the end of each reporting period, the Company and its subsidiaries determine whether transfers have occurred between levels within the fair value hierarchy for assets and liabilities held at the end of the reporting period that are measured at fair value on a recurring basis.

3.23 Segment information

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

3.24 Earnings (losses) per share

Basic earnings (losses) per share are calculated by dividing net profit (loss) for the year by the weighted average number of ordinary shares held by third parties during the year. In case of a capital increase, the number of ordinary shares is weighted according to time of subscriptions received. In case of a capital decrease, the number of ordinary shares is weighted according to time of registration of capital reduction. Diluted earnings (losses) per share are calculated from weighted average number of ordinary shares assumed that dilutive ordinary shares equivalents are totally converted to ordinary shares.

3.25 Significant accounting judgments and estimates

The preparation of financial statements in conformity with financial reporting standards at times requires management to make subjective judgments and estimates regarding matters that are inherently uncertain. These judgments and estimates affect reported amounts and disclosures; and actual results could differ from these estimates. Significant judgments and estimates are as follows:

Property, plant and equipment and depreciation

In determining depreciation of plant and equipment, the management is required to make estimates of the useful lives and residual values of the plant and equipment and to review estimate useful lives and residual values when there are any changes.

The Company and its subsidiaries measure land, buildings and building improvements at revalued amounts. Such amounts are determined by the independent valuer using the market approach for land and the cost approach for building and building improvements. The valuation involves certain assumptions and estimates as described in Note 17.

In addition, the management is required to review property, plant and equipment for impairment on a periodical basis and record impairment losses when it is determined that their recoverable amount is lower than the carrying amount. This requires judgments regarding forecast of future revenues and expenses relating to the assets subject to the review.

Goodwill and intangible assets

The initial recognition and measurement of goodwill and intangible assets and subsequent impairment testing, require management to make estimates of cash flows to be generated by the asset or the cash generating units and to choose a suitable discount rate in order to calculate the present value of those cash flows.

Deferred tax assets

Deferred tax assets are recognized for deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the temporary differences and losses can be utilized. Significant management judgement is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of estimate future taxable profits.

Determining whether an Arrangement contains a Lease

During the year 2019, a subsidiary of the Company entered into treated water service agreement to shrimp farms with a company. The management analysed the conditions and arrangements of the Company. The subsidiary is able to control over the utilization of the assets of the treated water production. Furthermore, the management believes that the minimum offtake quantities, the expansion of production capacity, the negotiations concerning minimum offtake quantities under the Water Purchase Agreement and the price for buying and selling of water, together with all assets are transferred after end of the agreement to the contract parties.

According to the above conditions, the management used judgment to determine the condition in the agreement and consider that concluded that the subsidiary retained rights and control over the utilization of the assets of the treated water production plants. However, the arrangements under the Water Purchase Agreements are agreements having elements of financial lease, in accordance with TFRIC 4.

Nevertheless, the management's considers is that there remains a risk that the Company and its subsidiary will not receive the cash compensation. Since the agreements contain a clause specifying minimum offtake quantities, the amount of compensation to be received by the subsidiary under the agreements should depend on their readiness and capacity to produce treated water in the future. Consequently, it is still uncertain whether the subsidiary will receive cash inflows from the minimum offtake quantities in accordance with the agreements, i.e. if the Company and its subsidiary were unable to produce the minimum offtake quantities of treated water stipulated in the agreements due to a raw water shortage, they would not receive the compensation.

The interpretation of these arrangements and agreements of the subsidiary are within the scope of TFRIC 4, and that the considerations to be received should be recognized as financial assets, would impact the financial statements. Specifically, the assets used in the production of treated water which are currently recorded at cost less accumulated depreciation would be restated as accounts receivable, i.e. financial assets, and valued at amortized cost. And the effect will be to increase the consolidated profit of the Company and its subsidiary for the year ended December 31, 2019 by Baht 81 million.

4. ACQUISITION OF BUSINESSES

- 4.1 On July 12, 2018, the Board of Directors' meeting of the Company passed a resolution approving an acquisition of 80.00% of total ordinary shares in SAM Water Supply Co., Ltd. held by its existing shareholders. This company provides water treatment solutions for shrimp farms using Ultrafiltration (UF) and Ozone systems and has a contract with Charoen Pokphand Foods Public Co., Ltd. to supply 50,000 cubic meters of treated water a day. Subsequently, the Company purchased the shares at a price of Baht 72 million on July 17, 2018.

During the year ended December 31, 2019, the Company engaged an independent appraiser to appraise the fair value of identifiable assets acquired and liabilities assumed and allocation fair value at the acquisition date. The Company received the purchase price allocation report dated October 8, 2019 from the independent appraiser. The Company applied Thai Financial Reporting Standard No.3 (revised 2018) "Business combinations" to recognize the business combination transaction.

The following summarizes the major classes of consideration transferred and the recognized fair value of assets acquired and liabilities assumed at the acquisition date:

| | (Unit: Thousand Baht) “Restated” |
|-------------------------------------|-------------------------------------|
| Cash and cash equivalents | 251 |
| Trade and other receivables | 703 |
| Short-term loans to related parties | 27,575 |
| Intangible assets | 52,009 |
| Trade and other payables | (491) |
| Net fixed asset | 80,047 |
| Shareholding percentage | 80% |
| Identifiable assets and liabilities | 64,037 |
| Consideration transferred (Cash) | 72,000 |
| Goodwill | 7,963 |

In October 2019, the Company has considered the fair value of assets acquired and liabilities assumed from the business acquisition and recorded the difference amount between the purchase price and the value of consideration received in the account “Goodwill” in the amount of Baht 7.96 million by considering the information from the purchase price allocation report of an independent appraiser dated October 8, 2019 and other relevant factors obtained within one year from the acquisition date. The Company retrospectively adjusted the provisional amounts recognized at the acquisition date to reflect new information obtained about facts and circumstances that existed as of the acquisition date and, if know, would have affected the measurement of the amounts recognized as of that date. Therefore, the consolidated statement of financial position as at December 31, 2018 have been restated accordingly.

The effect of consolidated financial statement restatement to the consolidated statement of financial position as at December 31, 2018 are as follows:

| | (Unit: Thousand Baht) | | |
|--|--------------------------------------|------------------------------|------------------------|
| | Balance as previously reported | Effect of the restatement | Balance as restated |
| Consolidated statements of financial position | | | |
| as at December 31, 2018 | | | |
| Assets | | | |
| Goodwill | 228,302 | (41,607) | 186,695 |
| Intangible assets | 220,864 | 52,009 | 272,873 |
| Total | 449,166 | 10,402 | 459,568 |
| Liabilities and shareholders’ equity | | | |
| Non-controlling interests | 56,832 | 10,402 | 67,234 |
| Total | 56,832 | 10,402 | 67,234 |

- 4.2 On December 17, 2018, a meeting of the Board of Directors of the Company passed a resolution approving an investment by M- Solution Co., Ltd, a subsidiary company, in Informatix Plus Co., Ltd., which is engaged in the distribution, development and provision of services related to internal communication software, through the acquisition of 99.99% of its ordinary shares from its existing shareholders at a price of Baht 12.50 per share, totaling Baht 25 million.

During the year ended of December 31, 2019, the Company engaged an independent appraiser to appraise the fair value of identifiable assets acquired and liabilities assumed at the acquisition date of Informatix Plus Co., Ltd. The appraised fair value by an independent appraiser from the purchase price allocation report dated December 18, 2019 and other related information received within one year from acquisition date had no material difference with the book value of such identifiable assets acquired and liabilities assumed at the acquisition date. Therefore, the Group used book value to allocate the fair value.

The fair value of the identifiable assets acquired and liabilities assumed from Informatix Plus Co., Ltd. at the acquisition date is as follows:

| | (Unit: Thousand Baht) |
|--|------------------------------|
| Cash and cash equivalents | 5,073 |
| Trade and other receivables | 53,927 |
| Inventories | 10,322 |
| Restricted bank deposits | 599 |
| Equipment | 6,334 |
| Intangible assets | 603 |
| Other non-current assets | 5,763 |
| Trade and other payables | (12,974) |
| Short-term loans | (13,600) |
| Provision for long-term employee benefits | (276) |
| Identifiable assets and liabilities | <u>55,771</u> |
| Shareholding percentage | <u>99.99%</u> |
| Fair values of net assets | <u>55,771</u> |
| Consideration transferred (cash) | <u>25,000</u> |
| Gain from bargain purchase of investment in a subsidiary | <u><u>30,771</u></u> |

The Company recognized gain from bargain purchase of Informatix Plus Co., Ltd. of Baht 31 million in the consolidated statement of profit or loss and other comprehensive income for the year ended December 31, 2018.

Net cash outflows from acquisition of ordinary shares of Informatix Plus Co., Ltd. was presented below.

| | (Unit: Thousand Baht) |
|--|------------------------------------|
| | Consolidated |
| | <u>financial statements</u> |
| Cash transferred during the year | 25,000 |
| <u>Less:</u> Cash and cash equivalents of a subsidiary | <u>(5,073)</u> |
| Net cash outflows from purchase a subsidiary | <u>19,927</u> |

- 4.3 On June 25, 2019, the Board of Directors' Meeting No. 8/2019 passed the resolution to approve purchase shares of Eco Energy Group Corporation Co., Ltd. ("ECO") by 76.92% of authorized and paid-up shares capital.

On June 26, 2019, Ferrum Energy Co., Ltd. ("FER EN") that is the subsidiary of the Company purchased shares of ECO from 2 persons, which includes 130,766,665 common shares, at 76.92 % of the registered share capital. The consideration for the purchase of a subsidiary of Baht 50 million and fully paid on June 20, 2019. The acquisition of such shares causing the Company to acquire 2 subsidiaries of ECO ("ECO Group") as follows:

1. Pracharat Biomass Mae Lan Co., Ltd.
2. Pracharat Biomass Bannang Sata Co., Ltd.

ECO Group as above mentioned has been granted the power purchase agreements of Pracharath Project for 3 Southern Provinces in Biomass fuel type.

The net carrying amounts of net identifiable assets acquired of Eco Energy Group Corporation Co., Ltd. at the date of acquisition were as follows:

| | (Unit: Baht) |
|--|----------------------------|
| | As at June 26, 2019 |
| Cash and cash equivalents | 13,458,006 |
| Trade and other current receivables | 42,104,897 |
| Other long-term investment | 1,799,890 |
| Property, plant and equipment | 35,496,627 |
| Intangible assets | 61,520 |
| Trade and other current payables | (53,301,668) |
| Long-term borrowing from related parties | (35,488,550) |
| Hire-purchase payables | (1,894,575) |
| Other assets / (Other liabilities) - net | 18,063,202 |
| Net identifiable assets and liabilities | <u>20,299,349</u> |
| Non-controlling interests | 27,035,978 |
| Consideration transferred | <u>50,000,000</u> |
| | <u>77,035,978</u> |
| Goodwill | <u>56,736,629</u> |

The Group is in the process of appraising the fair value of the identifiable assets acquired and liabilities assumed and the fair value allocation at the business acquisition date. The Group, however, used the net asset value at the business acquisition date from the interim financial information of such subsidiaries and other relevant factors which may affect such information as the consideration received from the acquired businesses, and measured components of non-controlling interests by applying fair value of net assets of such subsidiaries according to its proportionate ownership. The assessment shall be completed within measurement period within one year from the business acquisition date pursuant to the period allowed by Thai Financial Reporting Standard No. 3 (revised 2018) “Business Combination”. During the measurement period, the Group shall retrospectively adjust the provisional value recognized at the business acquisition date and recognize additional assets and liabilities and other related accounts to reflect new information obtained about facts and circumstances that existed as of the business acquisition date.

Net cash outflows from acquisition of ordinary shares of Eco Energy Group Corporation Co., Ltd. was presented below:

(Unit: Thousand Baht)
Consolidated
financial statements

| | |
|--|----------------------|
| Cash transferred during the year | 50,000 |
| <u>Less: Cash and cash equivalents of the subsidiary company</u> | <u>(13,458)</u> |
| Net cash outflows from purchase of subsidiary | <u><u>36,542</u></u> |

- 4.4 On July 23, 2019, the Board of Executive Committee Meeting No. 10/2019 passed a resolution to approve the Group to purchase share of Energy Revolution Company Limited (“ERV”) in which the company operates as an engineering installation service provider and a technical consultant for cooling system. On July 27, 2019, Ferrum Energy Company Limited (“FER EN”), which is the Company’s subsidiary, entered into an agreement to purchase 1 ordinary share from a person, representing 0.00 % of total issued and paid-up share capital of ERV at a par value of Baht 100.

Subsequently, on September 18, 2019, the Board of Directors’ Meeting No. 11/2019 passed a resolution to approve the Group to purchase 24,999 newly issued shares of ERV, representing 50.00 % of total issued and paid-up capital of ERV at the amount of 2.5 million in which The Group has fully paid such shares on September 24, 2019.

The net carrying amounts of net identifiable assets acquired of Eco Energy Group Corporation Co., Ltd. acquired on the date of acquisition were as follows:

| | (Unit : Baht) |
|--|---------------------------------|
| | As at September 24, 2019 |
| Cash and cash equivalents | 5,356,916 |
| Trade and other current receivables | 1,465,568 |
| Short-term loans to related persons | 1,000,000 |
| Other non-current assets | 3,877,000 |
| Trade and other current payables | (1,014,973) |
| Long-term borrowing from related company | (1,000,000) |
| Net identifiable assets and liabilities | 9,684,511 |
| Shareholding percentage | 50% |
| Fair values of net assets | 4,842,255 |
| Consideration transferred | 2,500,000 |
| Gain from bargain purchase of investment in subsidiary | 2,342,255 |

The Group is in process of appraising the fair value of the identifiable assets acquired and liabilities assumed and the fair value allocation at the business acquisition date. The Group, however, used the net asset value at the business acquisition date from the interim financial information of such subsidiaries and other relevant factors which may affect such information as the consideration received from the acquired businesses, and measured components of non-controlling interests by applying fair value of net assets of such subsidiaries according to its proportionate ownership. The assessment shall be completed within measurement period within one year from the business acquisition date pursuant to the period allowed by Thai Financial Reporting Standard No. 3 (revised 2018) “Business Combination”. During the measurement period, the Group shall retrospectively adjust the provisional value recognized at the business acquisition date and recognize additional assets and liabilities and other related accounts to reflect new information obtained about facts and circumstances that existed as of the business acquisition date.

Net cash outflows from acquisition of ordinary shares of Energy Revolution Company Limited was presented below:

| | (Unit: Thousand Baht) |
|--|------------------------------|
| | Consolidated |
| | financial statements |
| Cash transferred during the year | 2,500 |
| <u>Less:</u> Cash and cash equivalents of the subsidiary company | (5,357) |
| Net cash outflows from purchase of subsidiary | (2,857) |

5. RELATED PARTY TRANSACTIONS

For the years ended December 31, 2019 and 2018, the Group and the Company had significant business transactions with related parties. Such transactions, which are summarized below, arose in the ordinary course of business and were concluded on commercial terms and bases agreed upon between the Company and those related parties as follows:

1. Sales prices are determined at market price.
2. Other service income and expenses are charged at a mutually agreed price.
3. Interest on short-term loans to the related parties are charged at 3.50 % - 7.25 % per annum (2018: 1.00 % - 12.00 % per annum).
4. Interest on short-term loans from related parties are charged at 7.25 % per annum (2018: 3.50 % - 12.00 % per annum).
5. Directors and management's benefit expenses are charged as approved by the shareholders' meeting or contractually agreed price.

The relationships that the Group and the Company have with related persons or related parties were as follows:

| Company name | Relationship |
|---|--|
| Star Gas Co., Ltd. | Subsidiary company |
| M - Solution Co., Ltd. | Subsidiary company |
| Ferrum Capital Co., Ltd. | Subsidiary company |
| SAM Water Supply Co., Ltd. | Subsidiary company |
| Beyond Healthcare Co., Ltd. ⁽⁴⁾ | Subsidiary company |
| R.A. Logistics Co., Ltd. | Subsidiary company of Star Gas Co., Ltd. |
| Tawatpinyo Co., Ltd. | Subsidiary company of Star Gas Co., Ltd. |
| Star Petroleum Plus Co., Ltd. | Subsidiary company of Star Gas Co., Ltd. |
| Ferrum Energy Co., Ltd. | Subsidiary company of Ferrum Capital Co., Ltd. |
| Informatixplus Co., Ltd. | Subsidiary company of M - Solution Co., Ltd. |
| Phrasaeng Green Power Co., Ltd. | Subsidiary company of Ferrum Energy Co., Ltd. |
| Eco Energy Corporation Co., Ltd. ⁽²⁾ | Subsidiary company of Ferrum Energy Co., Ltd. |
| Energy Revolution Co., Ltd. ⁽³⁾ | Subsidiary company of Ferrum Energy Co., Ltd. |
| ERV International Co., Ltd. ⁽⁷⁾ | Subsidiary company of Ferrum Energy Co., Ltd. |
| Pracharat Biomass Mae Lan Co., Ltd. ⁽²⁾ | Subsidiary company of Eco Energy Corporation Co., Ltd. |
| Pracharat Biomass Bannang Sata Co., Ltd. ⁽²⁾ | Subsidiary company of Eco Energy Corporation Co., Ltd. |
| System and software services Co., Ltd. ⁽⁵⁾ | Associate |
| Universal Waste Management Co., Ltd. ⁽¹⁾ | Associate |
| Asia Waste Management Co., Ltd. ⁽¹⁾ | Subsidiary company of Universal Waste Management Co., Ltd. |
| Asia Recycling Technology Co., Ltd. ⁽¹⁾ | Subsidiary company of Universal Waste Management Co., Ltd. |
| Mitprasong Greenpower Co., Ltd. ⁽⁶⁾ | Subsidiary till December 7, 2018 |
| Palm Thongkum Co., Ltd. | Shareholder of Phrasaeng Green Power Co., Ltd. |
| Safe Heart Karnphaet Group Co., Ltd. | Same director and shareholders |
| Mlink QIR Co., Ltd. | Joint venture |
| Related person or other related parties | Directors of the company or companies with joint directors |

(1) The Company acquired these companies on April 9, 2019 (see Note 12.1).

(2) The Company acquired these companies on June 26, 2019 (see Note 4.3).

(3) The Company acquired this company on September 24, 2019 and had power over this company (see Note 4.4).

(4) Formerly known as “Telexmax Asia Corporation Co., Ltd” (see Note 13.11).

(5) Formerly known as “M Link Shop Co., Ltd”, the Company disposed this investment in subsidiary on September 19, 2019.

Therefore, this company is a subsidiary of the Company until September 18, 2019 and became an associate from September 19, 2019 onwards.

(6) The Company disposed this investment in subsidiary on December 7, 2018.

(7) ERV International Co., Ltd. was established on December 20, 2019. (see Note 13.14.2)

Significant business transactions between the Company and its related parties were summarized as follows:

| | (Unit: Million Baht) | | | |
|--|--------------------------------------|------|----------------------------------|------|
| | Consolidated financial statements | | Separate financial statements | |
| | 2019 | 2018 | 2019 | 2018 |
| Transactions with subsidiaries | | | | |
| Other income | - | - | 6 | 3 |
| Management fee income | - | - | 23 | 32 |
| Interest income | - | - | 39 | 25 |
| Other expenses | - | - | 1 | - |
| Interest expenses | - | - | 6 | 2 |
| Transactions with associates | | | | |
| Management fee income | 2 | - | 2 | - |
| Service income | 1 | - | - | - |
| Other income | 2 | - | 2 | - |
| Interest income | 2 | - | 2 | - |
| Interest expenses | 2 | - | - | - |
| Transactions with related parties | | | | |
| Other income | - | - | - | 1 |
| Purchase of goods and production / service expenses | 5 | 13 | - | - |
| Interest expenses | - | - | - | 2 |
| Other expenses | - | 1 | - | - |

As at December 31, 2019 and 2018, the balances between the Company and related parties were as follows:

| | (Unit : Thousand Baht) | | | |
|---|--------------------------------------|------|----------------------------------|---------|
| | Consolidated financial statements | | Separate financial statements | |
| | 2019 | 2018 | 2019 | 2018 |
| Trade receivables - related parties (see Note 8) | | | | |
| Subsidiaries | - | - | - | 193 |
| <u>Less:</u> Allowance for doubtful debts | - | - | - | (193) |
| Total trade receivables - related parties, net | - | - | - | - |
| Other receivables - related parties (see Note 8) | | | | |
| Subsidiaries | - | - | 17,745 | 42,985 |
| Associates | 2,375 | - | 2,373 | - |
| Related companies (joint director) | - | 112 | - | 112 |
| Related persons | 16,090 | - | - | - |
| Total | 18,465 | 112 | 20,118 | 43,097 |
| <u>Less:</u> Allowance for doubtful debts | - | - | - | (2,910) |
| Total other receivables - related parties, net | 18,465 | 112 | 20,118 | 40,187 |

| | Consolidated | | (Unit : Thousand Baht) | |
|---|-----------------------------|----------------|-------------------------------|-----------------|
| | financial statements | | Separate | |
| | 2019 | 2018 | 2019 | 2018 |
| Accrued income - related parties | | | | |
| (see Note 8) | | | | |
| Subsidiaries | - | - | 167 | 1,816 |
| Associates | 143 | - | 66 | - |
| Related companies (joint shareholder) | - | 49 | - | 32 |
| Total | 143 | 49 | 233 | 1,848 |
| <u>Less: Allowance for doubtful debts</u> | <u>(77)</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total accrued income - related parties | <u>66</u> | <u>49</u> | <u>233</u> | <u>1,848</u> |
| Accrued interest income - related parties | | | | |
| (see Note 8) | | | | |
| Subsidiaries | - | - | 54,204 | 37,101 |
| Joint venture | - | 553 | - | 553 |
| Associates | 8,002 | - | 8,002 | - |
| Shareholder of the Company | - | 1,448 | - | - |
| Related companies (joint shareholder) | 5 | - | - | - |
| Related persons | 2,379 | - | - | - |
| Total | 10,386 | 2,001 | 62,206 | 37,654 |
| <u>Less: Allowance for doubtful debts</u> | <u>(3,485)</u> | <u>(553)</u> | <u>(22,130)</u> | <u>(28,840)</u> |
| Total accrued interest income | | | | |
| - related parties, net | <u>6,901</u> | <u>1,448</u> | <u>40,076</u> | <u>8,814</u> |
| Deposit for business due diligence | | | | |
| - related parties (see Note 21) | | | | |
| Related company (joint shareholder) | - | 10,000 | - | - |
| Related persons | 75,000 | 160,000 | 75,000 | 160,000 |
| Total deposit for business due diligence | | | | |
| - related parties | <u>75,000</u> | <u>170,000</u> | <u>75,000</u> | <u>160,000</u> |
| Trade payables - related parties | | | | |
| (see Note 24) | | | | |
| Related companies (joint shareholder) | 796 | 878 | - | - |
| Total trade payables - related parties | <u>796</u> | <u>878</u> | <u>-</u> | <u>-</u> |
| Other payables - related parties (see Note 24) | | | | |
| Associates | 9,245 | - | 9,245 | - |
| Related companies (joint shareholder) | 48,000 | 48,000 | 48,000 | 48,000 |
| Total other payables - related parties | <u>57,245</u> | <u>48,000</u> | <u>57,245</u> | <u>48,000</u> |
| Accrued expenses - related parties (see Note 24) | | | | |
| Related companies (joint shareholder) | 350 | - | - | - |
| Total accrued expenses - related parties | <u>350</u> | <u>-</u> | <u>-</u> | <u>-</u> |

| | Consolidated | | (Unit : Thousand Baht) | |
|--|-----------------------------|-------------|-------------------------------|--------------|
| | financial statements | | Separate | |
| | 2019 | 2018 | financial statements | 2018 |
| Accrued interest expenses - related parties | | | | |
| (see Note 24) | | | | |
| Subsidiaries | - | - | 7,487 | 1,832 |
| Associates | 1,053 | - | - | - |
| Total accrued interest expenses - related parties | <u>1,053</u> | <u>-</u> | <u>7,487</u> | <u>1,832</u> |
| Deposit received for space rental | | | | |
| - related parties | | | | |
| Subsidiaries | - | - | 167 | 100 |
| Associates | 178 | - | 178 | - |
| Related companies (joint director) | - | 93 | - | 93 |
| Total deposit received for space rental | <u>-</u> | <u>93</u> | <u>-</u> | <u>93</u> |
| - related parties | <u>178</u> | <u>93</u> | <u>345</u> | <u>193</u> |

Short-term borrowings to related parties and short-term borrowings from related parties

As at December 31, 2019 and 2018, the balances of short-term borrowings to related parties and the movements were as follows:

| Short-term borrowings to related parties | Related by | (Unit: Thousand Baht) | | | |
|---|--------------------|--|-----------------|-----------------|--------------------------|
| | | Consolidated financial statements | | | Balance as at |
| | | Balance as at | Increase | Decrease | December 31, 2019 |
| | | January 1, 2019 | | | |
| Directors of subsidiaries | Related person | 58,575 | 6,661 | (58,575) | 6,661 |
| Palm Thongkum Co., Ltd. | Related company | - | 8,500 | (6,000) | 2,500 |
| Mlink QIR Co., Ltd. | Joint venture | 6,780 | - | (6,780) | - |
| System and Software Services Co., Ltd.* | Associated company | - | 70,750 | (8,150) | 62,600 |
| Total | | <u>65,355</u> | <u>85,911</u> | <u>(79,505)</u> | <u>71,761</u> |
| <u>Less: Allowance for doubtful debts</u> | | <u>(6,780)</u> | | | <u>(62,600)</u> |
| Net | | <u>58,575</u> | | | <u>9,161</u> |

* Formerly known as M Link Shop Co., Ltd.

| Short-term borrowings to related parties | Related by | (Unit: Thousand Baht) | | | |
|---|-------------------|--|-----------------|-----------------|--------------------------|
| | | Consolidated financial statements | | | Balance as at |
| | | Balance as at | Increase | Decrease | December 31, 2018 |
| | | January 1, 2018 | | | |
| Director of subsidiary | Related person | - | 58,575 | - | 58,575 |
| Mlink QIR Co., Ltd. | Joint venture | 6,828 | - | (48) | 6,780 |
| Total | | <u>6,828</u> | <u>58,575</u> | <u>(48)</u> | <u>65,355</u> |
| <u>Less: Allowance for doubtful debts</u> | | <u>(6,828)</u> | | | <u>(6,780)</u> |
| Net | | <u>-</u> | | | <u>58,575</u> |

During 2018, SAM Water Supply Co., Ltd., which is a subsidiary of the Company had short-term borrowing without loan agreements or collateral of Baht 58.58 million to a director of such subsidiary and a company incorporated in Hong Kong in which that director is a shareholder. As a result of subsequent follow up and negotiation by the Company, on February 25, 2019, a debt acknowledgement letter was drawn up by another director of such subsidiary company (which is a shareholder of the Company), who undertook to repay the loans within April 25, 2019 and issued a letter mortgaging shares that he holds in the Company to secure debt of approximately Baht 58.58 million (based on the latest bid price of the last working day of 2018). Therefore, on December 31, 2018, the Company's management is confident that these loans will be recovered in full and there is thus no need to record allowance for doubtful debt in the Company's account. Subsequently, the Company already received the repayment of such loans in full amount of Baht 58.58 million in April 2019 from director. The director transferred to the bank account of the subsidiary company in full amount. Such loan is a loan without a loan agreement and without collateral which is a part of the short-term loans shown in the consolidated statement of financial position as at December 31, 2018, amounting to Baht 71 million.

(Unit: Thousand Baht)

Separate financial statements

| Short-term loans to related parties | Related by | Balance as at January 1, 2019 | During the year | | Balance as at December 31, 2019 |
|---|--------------------|--|-----------------|----------|--|
| | | | Increase | Decrease | |
| Ferrum Energy Co., Ltd. | Subsidiary company | 186,652 | 145,628 | - | 332,280 |
| Star Gas Co., Ltd. | Subsidiary company | 118,000 | 35,000 | - | 153,000 |
| SAM Water Supply Co., Ltd. | Subsidiary company | 95,400 | - | (62,696) | 32,704 |
| Ferrum Capital Co., Ltd. | Subsidiary company | 50,600 | - | - | 50,600 |
| M - Solution Co., Ltd. | Subsidiary company | 49,337 | 23,781 | - | 73,118 |
| Informatixplus Co., Ltd. | Subsidiary company | - | 27,113 | - | 27,113 |
| Phrasaeng Green Power Co., Ltd. | Subsidiary company | - | 1,395 | - | 1,395 |
| Star Petroleum Plus Co., Ltd. | Subsidiary company | - | 5,000 | - | 5,000 |
| Eco Energy Corporation Co., Ltd. | Subsidiary company | - | 8,800 | - | 8,800 |
| Mlink QIR Co., Ltd. | Joint venture | 6,780 | - | (6,780) | - |
| System and Software Services Co., Ltd.* | Associated company | 62,600 | 8,150 | (8,150) | 62,600 |
| Total | | 569,369 | 254,867 | (77,626) | 746,610 |
| Less: Allowance for doubtful debts | | (69,380) | | | (62,600) |
| Net | | 499,989 | | | 684,010 |

* Formerly known as M Link Shop Co., Ltd.

| (Unit: Thousand Baht) | | | | | |
|---|---|--------------------|-----------------|-----------|----------------------|
| Separate financial statements | | | | | |
| Short-term loans to related parties | Related by | Balance as at | During the year | | Balance as at |
| | | January 1, 2018 | Increase | Decrease | December 31, 2018 |
| Ferrum Energy Co., Ltd. | Subsidiary company | 196,270 | 23,382 | (33,000) | 186,652 |
| Star Gas Co., Ltd. | Subsidiary company | 96,000 | 70,000 | (48,000) | 118,000 |
| SAM Water Supply Co., Ltd. | Subsidiary company | - | 95,400 | - | 95,400 |
| Ferrum Capital Co., Ltd. | Subsidiary company | 50,600 | - | - | 50,600 |
| M - Solution Co., Ltd. | Subsidiary company | 34,600 | 100,985 | (86,248) | 49,337 |
| Phrasaeng Green Power Co., Ltd. | Subsidiary company | - | 300 | (300) | - |
| Mlink QIR Co., Ltd. | Joint venture | 6,828 | - | (48) | 6,780 |
| System and Software Services Co., Ltd.* | Associated company | 62,600 | - | - | 62,600 |
| Beyond Healthcare Co., Ltd.** | Subsidiary company | 32,600 | 70,620 | (103,220) | - |
| Mitprasong Greepower Co., Ltd. | Joint director of a subsidiary company | 18,154 | 21,715 | (39,869) | - |
| Total | | 497,652 | 382,402 | (310,685) | 569,369 |
| Less: Allowance for doubtful debts | | (102,028) | | | (69,380) |
| Net | | 395,624 | | | 499,989 |

* Formerly known as M Link Shop Co., Ltd.

** Formerly known as Telexmax Asia Corporation Co., Ltd.

As at December 31, 2019 and 2018, the balances of short-term borrowings from a related party and the movements were as follows:

| (Unit: Thousand Baht) | | | | | |
|---|--------------------|--------------------|-----------------|----------|----------------------|
| Consolidated financial statements | | | | | |
| Short-term borrowing from a related party | Related by | Balance as at | During the year | | Balance as at |
| | | January 1, 2019 | Increase | Decrease | December 31, 2019 |
| Director of subsidiary company (see Note 25) | Related person | 16,498 | 250 | (16,498) | 250 |
| Universal Waste Management Co., Ltd. (see Note 25) | Associated company | - | 62,454 | - | 62,454 |
| Total | | 16,498 | 62,704 | (16,498) | 62,704 |

(Unit: Thousand Baht)

| | | Consolidated financial statements | | | |
|---|---------------------|-----------------------------------|-----------------|-----------------|----------------------|
| Short-term borrowing from a related party | Related by | Balance as at | During the year | | Balance as at |
| | | January 1, 2018 | Increase | Decrease | December 31, 2018 |
| Director of subsidiary company (see Note 25) | Related person | 10,498 | 8,000 | (2,000) | 16,498 |
| Hatyai Environmental Management Co., Ltd. | Related company | 60,000 | 13,500 | (73,500) | - |
| Smothong Group Co., Ltd. | Non-related company | 7,346 | - | (7,346) | - |
| Total | | <u>77,844</u> | <u>21,500</u> | <u>(82,846)</u> | <u>16,498</u> |

(Unit: Thousand Baht)

| | | Separated financial statements | | | |
|--|--------------------|--------------------------------|-----------------|----------|----------------------|
| Short-term borrowing from a related party | Related by | Balance as at | During the year | | Balance as at |
| | | January 1, 2019 | Increase | Decrease | December 31, 2019 |
| Beyond Healthcare Co., Ltd.* | Subsidiary company | 75,000 | 14,105 | - | 89,105 |
| Total | | <u>75,000</u> | <u>14,105</u> | <u>-</u> | <u>89,105</u> |

* Formerly known as Telex Asia Corporation Co., Ltd. (see Note 13.11)

(Unit: Thousand Baht)

| | | Separated financial statements | | | |
|--|--------------------|--------------------------------|-----------------|----------|----------------------|
| Short-term borrowing from a related party | Related by | Balance as at | During the year | | Balance as at |
| | | January 1, 2018 | Increase | Decrease | December 31, 2018 |
| Beyond Healthcare Co., Ltd.* | Subsidiary company | - | 75,000 | - | 75,000 |
| Total | | <u>-</u> | <u>75,000</u> | <u>-</u> | <u>75,000</u> |

* Formerly known as Telex Asia Corporation Co., Ltd.
(see Note 13.11)

Directors and management's benefits

For the years ended December 31, 2019 and 2018, the Company and its subsidiaries had employee benefit expenses payable to their directors and management as follows:

| | Consolidated financial statements | | (Unit: Thousand Baht) Separate financial statements | |
|------------------------------|--------------------------------------|-----------|---|-----------|
| | 2019 | 2018 | 2019 | 2018 |
| Short-term employee benefits | 40 | 25 | 13 | 11 |
| Post-employment benefits | 4 | 1 | 1 | - |
| Total | <u>44</u> | <u>26</u> | <u>14</u> | <u>11</u> |

Guarantee obligations with related parties

The Company has outstanding guarantee obligations with its related parties, as described in Note 40.3.2.

6. SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION

- 6.1 Cash and cash equivalents as at December 31, 2019 and 2018, consisted of the following:

| | Consolidated | | (Unit: Thousand Baht) | |
|-------------------|-----------------------------|----------------|------------------------------|--------------|
| | Financial Statements | | Separate | |
| | 2019 | 2018 | 2019 | 2018 |
| Cash on hand | 2,839 | 5,112 | 135 | 13 |
| Deposits at banks | 108,802 | 145,230 | 6,842 | 2,828 |
| | <u>111,641</u> | <u>150,342</u> | <u>6,977</u> | <u>2,841</u> |

As at December 31, 2019 and 2018, deposits at bank interest rate in the consolidated and the separate financial statements are charged at 0.13% - 0.38% and 0.10% - 0.40% per annum, respectively.

- 6.2 Cash paid for purchases of equipment for the years ended December 31, 2019 and 2018, consisted of the following:

| | Consolidated | | (Unit: Thousand Baht) | |
|--|-----------------------------|--------------|------------------------------|-------------|
| | financial statements | | Separate | |
| | 2019 | 2018 | 2019 | 2018 |
| Equipment payables brought forward (recorded as a part of trade and other payables) | 8,136 | 43 | - | 1,276 |
| <u>Add</u> Purchases of equipment | 86,856 | 100,871 | 4,229 | 9,094 |
| Purchase of intangible assets | 613 | - | 531 | - |
| <u>Less</u> Cash paid for purchases of equipment | (84,845) | (84,212) | (1,939) | (3,121) |
| Liabilities under finance lease agreements | (3,527) | (8,566) | (2,821) | (7,249) |
| Equipment payables carried forward (recorded as a part of trade and other payables) | <u>7,233</u> | <u>8,136</u> | <u>-</u> | <u>-</u> |

- 6.3 Non-cash transactions for the years ended December 31, 2019 and 2018 are as follows:

| | Consolidated | | (Unit: Thousand Baht) | |
|---|-----------------------------|----------------|------------------------------|----------------|
| | financial statements | | Separate | |
| | 2019 | 2018 | 2019 | 2018 |
| Payables from liabilities under finance lease agreements brought forward (recorded as part of current portion of long term finance lease) | 9,932 | 4,395 | 8,690 | 4,338 |
| <u>Add</u> Liabilities under finance lease agreements payable during the year | 3,527 | 8,566 | 2,821 | 7,249 |
| <u>Less</u> Payments the liabilities under finance lease agreements payable during the year | <u>(2,318)</u> | <u>(3,029)</u> | <u>(1,892)</u> | <u>(2,897)</u> |
| Payables from liabilities under finance lease agreements carried forward (recorded as part of current portion of long term finance lease) | <u>11,141</u> | <u>9,932</u> | <u>9,619</u> | <u>8,690</u> |

6.4 Reconciliation of liabilities arising from financing activities for the year ended December 31, 2019 and 2018 are as follows:

(Unit: Thousand Baht)

| | Consolidated financial statements | | | |
|------------------------------------|--|---|---------------------|-------------------|
| | Balance as at January 1, 2019 | Cash flows from financing activities | Non-cash Changes | Others Changes |
| Short-term borrowings | | | | |
| from a financial institution | 130,395 | (5,420) | - | - |
| Short-term borrowing (see Note 25) | 22,098 | 47,294 | - | - |
| Liabilities under finance | | | | |
| lease agreements | 9,932 | (2,318) | 3,527 | - |

(Unit: Thousand Baht)

| | Separate financial statements | | | |
|-------------------------------------|--|---|---------------------|-------------------|
| | Balance as at January 1, 2019 | Cash flows from financing activities | Non-cash Changes | Others Changes |
| Short-term borrowings | | | | |
| from a financial institution | 67,500 | 2,500 | - | - |
| Short-term borrowings (see Note 25) | 75,000 | 14,105 | - | - |
| Liabilities under finance | | | | |
| lease agreements | 8,690 | (1,892) | 2,821 | - |

(Unit: Thousand Baht)

| | Consolidated financial statements | | | |
|------------------------------------|--|---|---------------------|-------------------|
| | Balance as at January 1, 2018 | Cash flows from financing activities | Non-cash Changes | Others Changes |
| Short-term borrowings | | | | |
| from a financial institution | 92,429 | 37,966 | | - |
| Short-term borrowing (see Note 25) | 77,844 | (55,746) | | - |
| Liabilities under finance | | | | |
| lease agreements | 4,396 | (3,029) | 8,566 | (1) |

(Unit: Thousand Baht)

| | Separate financial statements | | | |
|-------------------------------------|--|---|---------------------|-------------------|
| | Balance as at January 1, 2018 | Cash flows from financing activities | Non-cash Changes | Others Changes |
| Short-term borrowings | | | | |
| from a financial institution | 60,686 | 6,814 | - | - |
| Short-term borrowings (see Note 25) | - | 75,000 | - | - |
| Liabilities under finance | | | | |
| lease agreements | 4,338 | (2,897) | 7,249 | - |

7. TEMPORARY INVESTMENTS

Movements of the temporary investments in trading securities account for the years ended December 31, 2019 and 2018 were summarized as below:

| | (Unit: Thousand Baht) | |
|--|--|--------------|
| | Consolidated and separate financial statements | |
| | 2019 | 2018 |
| Trading securities - ordinary share at beginning balance | 9,354 | 55,000 |
| Sales of investments | (2,238) | - |
| Gain (loss) on change in value | 255 | (45,646) |
| Fair value | 7,371 | 9,354 |

8. TRADE AND OTHER CURRENT RECEIVABLES

8.1 Trade and other current receivables as at December 31, 2019 and 2018 consisted of the following:

| | Consolidated financial statements | | (Unit: Thousand Baht) Separate financial statements | |
|---|-----------------------------------|----------------|--|----------------|
| | 2019 | 2018 | 2019 | 2018 |
| Trade receivables - related parties (see Note 5) | - | - | - | 193 |
| Trade receivables - non-related parties | 154,942 | 53,360 | - | - |
| Other receivables - related parties (see Note 5) | 18,465 | 112 | 20,118 | 43,097 |
| Other receivables - non-related parties | 14,339 | 10,978 | 228 | 987 |
| Accrued income - related parties (see Note 5) | 143 | 49 | 232 | 1,848 |
| Accrued income - non-related parties | 18,239 | 3,316 | 96 | 81 |
| Accrued interest income - related parties (see Note 5) | 10,386 | 2,001 | 62,206 | 37,654 |
| Accrued interest income - non-related parties | - | 3,661 | - | 2,375 |
| Input tax refundable | 36,735 | 44,566 | - | - |
| Suspense input tax | 32,516 | 39,115 | 976 | 4,617 |
| Withholding tax refundable | 16,526 | 19,472 | 9,764 | 9,763 |
| Suspense withholding tax | 8,760 | 2,079 | 3,271 | 838 |
| Advance to employees | 209 | 548 | - | 222 |
| Prepaid expenses | 8,426 | 9,373 | 1,759 | 1,580 |
| Deposit for project | 77,067 | - | - | - |
| Others | 11,210 | 53,467 | 1,687 | 982 |
| | <u>407,963</u> | <u>242,097</u> | <u>100,337</u> | <u>104,237</u> |
| <u>Less:</u> Allowance for doubtful debts | (12,127) | (11,765) | (22,130) | (31,942) |
| Allowance for diminution in value of input tax and withholding tax refundable | (42,291) | (66,156) | (2,392) | (9,614) |
| Trade and other current receivables - net | 353,545 | 164,176 | 75,815 | 62,681 |

- 8.2 Aging analysis of trade receivables as at December 31, 2019 and 2018 consisted of the following:

| | Consolidated financial statements | | (Unit: Thousand Baht) Separate financial statements | |
|----------------|--|---------------|--|-------------|
| | 2019 | 2018 | 2019 | 2018 |
| Not yet due | 119,071 | 50,562 | - | - |
| Past due | | | | |
| Up to 3 months | 17,993 | 45 | - | - |
| 3 - 6 months | 13,648 | - | - | - |
| 6 - 12 months | 3,463 | 1,986 | - | - |
| Over 12 months | 767 | 767 | - | 193 |
| Total | <u>154,942</u> | <u>53,360</u> | <u>-</u> | <u>193</u> |

- 8.3 Withholding tax deducted at sources

The balances of withholding tax deducted at sources as at December 31, 2019 and 2018, aged on years, were summarized as follows:

| | Consolidated financial statements | | (Unit: Thousand Baht) Separate financial statements | |
|--|--|-----------------|--|----------------|
| Year | 2019 | 2018 | 2019 | 2018 |
| 2014 | 4,731 | 4,979 | - | - |
| 2015 | 8,574 | 9,004 | 7,234 | 7,234 |
| 2016 | 2,804 | 2,783 | 2,096 | 2,096 |
| 2017 | 1,135 | 1,093 | 434 | 434 |
| 2018 | 2,840 | 3,692 | 838 | 838 |
| 2019 | 5,037 | - | 2,433 | - |
| Total | <u>25,121</u> | <u>21,551</u> | <u>13,035</u> | <u>10,602</u> |
| <u>Less:</u> Allowance for diminution in value | <u>(9,148)</u> | <u>(16,369)</u> | <u>(2,393)</u> | <u>(9,614)</u> |
| Net | <u>15,973</u> | <u>5,182</u> | <u>10,642</u> | <u>988</u> |

The Company and its subsidiaries regard withholding tax deducted at sources as an asset since they have the right to claim for refund of it. However, the net realizable value of withholding tax depends on the exercise right to claim it, and the results of any tax audit by the Revenue officer.

During the year 2019, the Company and its subsidiaries received the refund of the withholding tax deducted at source of 2015 totaling approximately Baht 7.22 million (2018: the Company and its subsidiary companies received the refund of the withholding tax deducted at source of 2016 totaling approximately Baht 1 million (Separate financial statements: Nil)).

8.4 Receivable from finances lease

Receivable from finance lease as at December 31, consist of: (Separate financial statements: Nil)

| | | (Unit: Thousand Baht) | |
|---|--|-----------------------------------|--|
| | | Consolidated financial statements | |
| | | Minimum lease to be received | Present value of minimum lease payments receivable |
| | | 2019 | 2018 |
| | | Baht | Baht |
| Receiving period | | | |
| Within 1 year | | 74,827 | - |
| 1 - 5 years | | 254,499 | - |
| | | 329,326 | - |
| <u>Less</u> Unearned finance income | | (186,098) | - |
| | | 143,228 | - |
| | | | |
| Current portion of finance lease receivable | | | 13,596 |
| Finance lease receivable | | | 129,632 |
| | | | 143,228 |

9. SHORT-TERM LOANS AND LONG-TERM LOANS

Short-term loans and long-term loans as at December 31, 2019 and 2018 consisted of the following:

| | | (Unit: Thousand Baht) | |
|---|--|-----------------------------------|-------------------------------|
| | | Consolidated financial statements | Separate financial statements |
| | | 2019 | 2018 |
| Short-term loans to related parties | | | |
| (See Note 5) | | 71,761 | 65,355 |
| <u>Less</u> : Allowance for doubtful debts | | (62,600) | (6,780) |
| Short-term loans to related parties - net | | 9,161 | 58,575 |
| | | | |
| Long-term loans to non-related party | | 20,000 | 31,000 |
| <u>Less</u> : Current portion due within 1 year | | (12,000) | (12,000) |
| Long-term loans | | 8,000 | 19,000 |

As at December 31, 2019 and 2018, the Company has loan to a non-related party of Baht 20 million and Baht 31 million, respectively, lending to Mitprasong Greenpower Co., Ltd. that was a subsidiary of the Company till December 7, 2018 which will be repaid on a monthly basis by Baht 1 million, without interest charged.

10. INVENTORY

Inventory as at December 31, 2019 and 2018 consisted of the following:

| | Consolidated | | (Unit: Thousand Baht) | |
|--|-----------------------------|----------------|------------------------------|----------------|
| | financial statements | | Separate | |
| | 2019 | 2018 | 2019 | 2018 |
| Finished goods | 23,862 | 35,036 | 1,738 | 1,720 |
| <u>Less: Allowance for diminution of value</u> | <u>(7,229)</u> | <u>(7,245)</u> | <u>(1,720)</u> | <u>(1,720)</u> |
| | <u>16,633</u> | <u>27,791</u> | <u>18</u> | <u>-</u> |

For the year ended December 31, 2019, the Group reversed an allowance for diminution of value by Baht 15,807 to be part of cost of goods sold in consolidated financial statements (Separate financial statement : Nil).

For the year ended December 31, 2018, the Group recorded allowance for diminution of value by Baht 5.35 million to be part of cost of goods sold in consolidated financial statement (Separate financial statement : Nil).

11. RESTRICTED BANK DEPOSITS

As at December 31, 2019 and 2018, the Group held current restricted deposits at a financial institution represent saving deposits in amount of Baht 76.21 million and Baht 72.95 million, respectively, with interest rate of 0.05% - 0.85% per annum. The restricted deposits which belong to the Company's subsidiaries are used as a collateral against to secure credit facilities and letter of guarantees obtained from the banks which is due within one year (Separate financial statements: Nil) (see Note 26).

12. INVESTMENTS IN ASSOCIATES

Investments in associates as at December 31, 2019 consisted of: (Separate financial statements as at December 31, 2018: Nil)

| (Unit: Thousand Baht) | | | | | | | |
|--|---|--------------------------|-----------------------|------|-----------------------|-------------|---------------|
| Consolidated financial statements | | | | | | | |
| | | | Ownership interest(%) | | Paid-up share capital | Cost method | Equity method |
| Company name | Nature of business | Country of incorporation | 2019 | 2018 | 2019 | 2019 | 2019 |
| Universal Waste Management Co., Ltd. | Treatment and disposal of hazardous wastes including transportation | Thailand | 30 | - | 135,000 | 135,000 | 139,106 |
| System and software services Co., Ltd.* (see Notes 13.9 and 13.10) | Services and sales of equipment related to VR game | Thailand | 35 | - | 3,500 | 3,500 | - |
| Less: Allowance for impairment | | | | | | (3,500) | - |
| Total | | | | | | 135,000 | 139,106 |

* Formerly known as M Link Shop Co., Ltd.

| (Unit: Thousand Baht) | | | | | | | |
|---|--|--------------------------|-----------------------|------|-------------------------------|-------------|---------------|
| Company name | Nature of business | Country of incorporation | Ownership interest(%) | | Separate financial statements | | |
| | | | 2019 | 2018 | Paid-up share capital | Cost method | Equity method |
| | | | | | 2019 | 2019 | 2019 |
| System and software services Co., Ltd. * (see Notes 13.9 and 13.10) | Services and sales of equipment related to VR game | Thailand | 35 | - | 3,500 | 3,500 | - |
| | | | | | | (3,500) | - |
| Less: Allowance for impairment | | | | | | | |
| Total | | | | | | - | - |

* Formerly know as M Link Shop Co., Ltd.

12.1 Approval of the acquisition of ordinary shares of Universal Waste Management Co., Ltd.

On April 5, 2019, the Board of Directors' Meeting No. 3/2019 had approved the acquisition of ordinary shares of Universal Waste Management Co., Ltd. ("UWM"), by Ferrum Energy Company Limited ("FER EN"), which is a subsidiary of the Company, from a person who is not a connected person and without any relationship and/or any connection with the Company's executives, Board of Directors, major shareholders, or controlling person of the Company and its subsidiaries of 1,350,000 ordinary shares, at a par value of Baht 100.00 per share. UWM is a juristic person registered in Thailand with registered capital of Baht 450.00 million, which fully paid. UWM held 99.99 % of the total issued and paid-up capital of Asia Recycle Technology Co., Ltd. ("ART") and Asia Waste Management Co., Ltd. ("AWM").

According to the UWM Transaction, the Company receive 30 % of the issued and paid-up shares of UWM, whereas UWM is a holding company held by ART and AWM. FEREN paid for purchase of shares of Baht 135.00 million on June 13, 2019.

12.2 Approval of the acquisition and disposal of ordinary shares of Auswelllife Co., Ltd.

On September 24, 2019, the Board of Directors' meeting No. 13/2019 of the Company passed a resolution to approve Beyond Healthcare Co., Ltd. (Formerly known as Telex Asia Corporation Co., Ltd.), which is the Company's subsidiary, holding 99.99% to purchase 1 ordinary shares of Auswelllife Co., Ltd. ("AWL") from a person who is not a connected person and without any relationship and/or any connection with the Company's executives, Board of Directors, major shareholders, or controlling person of the Company and its subsidiaries at a par value of Baht 100, representing 0.00% of total issued and paid-up capital of AWL.

Subsequently, on October 1, 2019, the Extraordinary General Meeting No. 4/2019 of AWL passed a resolution to increase register shares capital from Baht 7,000,000 to Baht 40,000,000 by issuing 330,000 ordinary shares at a par value of Baht 100, totaling of Baht 33,000,000. Beyond Healthcare Co., Ltd. ("BHC") had acquired 107,999 shares at a par value of Baht 100, totaling Baht 10,799,900 million, representing 27.00% of total issued and paid-up capital of AWL. BHC paid for share subscriptions of Baht 10,799,900 on October 1, 2019.

Subsequently, on December 12, 2019, the Board of Directors' meeting No. 17/2019 of the Company, had approve BHC to sell 108,000 ordinary shares of AWL, with Baht 128.70 per share, totaling Baht 13.90 million to a person who is not a connected person and without any relationship and/or any connection with the Company's executives, Board of Directors, major shareholders, or controlling person of the Company and its subsidiaries. Such subsidiary received subscriptions for sale of ordinary shares of Baht 13.90 million on December 20, 2019. Such subsidiary has a gain on sale of investment in an associate of Baht 3.10 million, which recorded in the statement of profit or loss and other comprehensive income for the year ended December 31, 2019.

Summary financial information of the Group as follows:

| Associates name | (Unit: Thousand Baht) | | | |
|---|--|--|---------------------------------------|--|
| | Associates Universal Waste Management Co., Ltd. | Subsidiaries of Associates Asia Recycle Technology Co., Ltd. | Asia Waste Management Co., Ltd. | System and software services Co., Ltd. |
| Statements of financial position as at December 31, 2019 | | | | |
| Current assets | 233,420 | 24,950 | 25,118 | 876 |
| Non-current assets | 288,871 | 187,400 | 20,665 | 1,347 |
| Other current liabilities | (10,967) | (81,026) | (6,872) | (87,346) |
| Other non-current liabilities | (62,004) | (14,139) | (3,976) | - |
| Shareholders' equity | (449,320) | (117,185) | (34,935) | 85,123 |
| Statements of profit or loss and other comprehensive income For the year ended December 31, 2019 | | | | |
| Total revenues | 15,583 | 129,204 | 65,582 | 2 |
| Total expenses | (15,664) | (123,030) | (56,445) | (6,950) |
| Net profit (loss) for the year | (81) | 6,174 | 9,137 | (6,948) |

13. INVESTMENTS IN SUBSIDIARIES

13.1 Details of investments in subsidiaries as at December 31, 2019 and 2018 are as follows:

| Company | (Unit: Thousand Baht) | | | | | |
|--|-----------------------|---------|---|-----------|-----------|-----------|
| | Paid-up capital | | Consolidated financial statement Shareholding percentage | | Cost | |
| | 2019 | 2018 | 2019 % | 2018 % | 2019 | 2018 |
| Star Gas Co., Ltd. | 60,000 | 60,000 | 99.99 | 99.99 | 550,000 | 550,000 |
| Beyond Healthcare Co., Ltd.* | 250,000 | 250,000 | 99.99 | 99.99 | 249,999 | 249,999 |
| SAM Water Supply Co., Ltd. (see Note 13.2) | 65,500 | 30,000 | 90.84 | 80.00 | 107,500 | 72,000 |
| Ferrum Capital Co., Ltd. | 50,000 | 50,000 | 99.99 | 99.99 | 50,000 | 50,000 |
| M-Solution Co., Ltd. | 10,000 | 10,000 | 99.99 | 99.99 | 13,327 | 13,327 |
| System and Software Services Co., Ltd.** (see Note 13.5) | - | 10,000 | - | 95.00 | - | 9,500 |
| Total investments in subsidiaries | | | | | 970,826 | 944,826 |
| Less: Allowance for impairment | | | | | (198,582) | (208,082) |
| Investments in subsidiaries - net | | | | | 772,244 | 736,744 |

* Formerly known as Telemax Asia Corporation Co., Ltd. (see Note 13.7)

** Formerly known as M Link Shop Co., Ltd. (see Note 13.6)

13.2 Details of investments in subsidiaries that have material non-controlling interests

| | (Unit: Million Baht) | | | | | |
|---|---|-------------|--|--------------------|---|------|
| | Proportion of equity interest held by non-controlling interests | | Accumulated balance of non-controlling interests | | Profit allocated to non-controlling interests during the year | |
| Company's name | 2019 (%) | 2018 (%) | 2019 | 2018 (Restated) | 2019 | 2018 |
| <i>Subsidiary directly held by the Company</i> | | | | | | |
| SAM Water Supply Co., Ltd. | 9 | 20 | 4 | 5 | 1 | 1 |
| <i>Subsidiary companies of Ferrum Energy Co., Ltd.</i> | | | | | | |
| Phrasaeng Green Power Co., Ltd. | 40 | 40 | (8) | 33 | (12) | 2 |
| Eco Energy Group Corporation Co., Ltd. (see Note 4.3) | 23 | - | (2) | - | (6) | - |
| Energy Revolution Co., Ltd. (see Note 4.4) | 70 | - | - | - | 1 | - |

13.3 Summarized financial information that based on amounts before inter-company elimination about subsidiaries that have material non-controlling

Summarized information about financial position.

| | SAM Water Supply Co., Ltd. | | Phrasaeng Green Power Co., Ltd. | | Eco Energy Group Corporation Co., Ltd. | | Energy Revolution Co., Ltd. | |
|-------------------------|----------------------------|-------|---------------------------------|------|--|------|-----------------------------|------|
| | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| | | | | | | | | |
| Current assets | 368 | 66 | 13 | 13 | 18 | 40 | 67 | 2 |
| Non-current assets | 40 | 113 | 149 | 155 | 106 | 974 | - | - |
| Current liabilities | 301 | (132) | 36 | (31) | 124 | 86 | 13 | - |
| Non-current liabilities | 56 | (24) | 24 | (55) | - | 259 | - | - |

Summarized information about comprehensive income

| | SAM Water Supply Co., Ltd. | | Phrasaeng Green Power Co., Ltd. | | Eco Energy Group Corporation Co., Ltd. | | Energy Revolution Co., Ltd. | |
|----------------------------|----------------------------|------|---------------------------------|------|--|------|-----------------------------|------|
| | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| | | | | | | | | |
| Revenue | 32 | 1 | 45 | 32 | 12 | 1 | 10 | 6 |
| Profit | 4 | 4 | 20 | 5 | 7 | 20 | 3 | 1 |
| Other comprehensive income | 4 | 4 | 20 | 5 | 7 | 20 | 3 | 1 |

Summarized information about cash flows

| | (Unit: Million Baht) | | | | | | | |
|--|----------------------------------|-------|---------------------------------|------|--|------|-----------------------------|------|
| | For the years ended December 31, | | | | | | | |
| | SAM Water Supply Co., Ltd. | | Phrasaeng Green Power Co., Ltd. | | Eco Energy Group Corporation Co., Ltd. | | Energy Revolution Co., Ltd. | |
| | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| Cash flows from (used in) operating activities | 126 | (7) | (89) | 15 | 758 | - | (16) | - |
| Cash flows used from (used in) investing activities | 205 | (136) | (3) | - | (868) | - | 21 | - |
| Cash flows from (used in) financing activities | (331) | 143 | 83 | (23) | 110 | - | - | - |
| Net increase (decrease) in cash and cash equivalents | - | - | (9) | (8) | - | - | 5 | - |

- 13.4 On July 12, 2018, the Board of Directors' Meeting No. 8/2018 passed a resolution to approve an acquisition of 80% of all ordinary shares in SAM Water Supply Co., Ltd. held by its existing shareholders (see Note 4.1).

On February 28, 2019, the Board of Directors' Meeting No. 1/2019 passed a resolution to approve the increase of the registered capital of SAM Water Supply Co., Ltd. ("SAM"), a subsidiary of the Company, amounting to Baht 5,000,000 from Baht 30,000,000 to Baht 35,000,000 by issuing new ordinary shares of 50,000 shares with a par value of Baht 100.00 per share and allocated to the existing shareholders of the subsidiary according the proportion of each shareholder. In this regard, the Board of Directors approved the purchase of 80.00% of the shares, that was 40,000 shares at the price of Baht 100.00 per share, amounting to Baht 4,000,000, including the purchase of additional shares if any shareholders do not use the rights to subscribe for additional shares. In March 2019, the Company purchased remaining ordinary shares that the other shareholders do not use the rights of 10,000 shares at the price of Baht 100.00 per share, amounting to Baht 1,000,000, which consequently caused the percentage of shareholding to change from 80.00% to 82.86%. Such subsidiary has registered with department of Business Development, Ministry of Commerce on April 11, 2019.

On April 26, 2019, the Board of Directors' Meeting No. 4/2019 had a resolution to approve the increase of the registered capital of SAM Water Supply Co., Ltd. ("SAM"), a subsidiary of the Company, amounting to Baht 30,500,000 from Baht 35,000,000 to Baht 65,500,000 by issuing new ordinary shares of 305,000 shares with a par value of Baht 100.00 per share and allocated to the existing shareholders of the subsidiary according the proportion of each shareholder. In this regard, the Board of Directors approved the purchase of 82.86% of the shares, that was 252,714 shares at the price of Baht 100.00 per share, amounting to Baht 25,271,400, including the purchase of additional shares if any shareholders do not use the rights to subscribe for additional shares. In May 2019, the Company purchased remaining ordinary shares that the other shareholders do not use the rights of 52,286 shares at the price of Baht 100.00 per share, amounting to Baht 5,228,600, which consequently caused the percentage of shareholding to change from 82.86% to 90.84%. Such subsidiary has registered with Department of Business Developments, Ministry of Commerce on June 25, 2019.

- 13.5 On December 17, 2018, the Board of Directors' Meeting had a resolution to approve an investment by M- Solution Co., Ltd, a subsidiary company, in Informatix Plus Co., Ltd., which is engaged in the distribution, development and provision of services related to internal communication software, through the acquisition of 99.99% of its ordinary shares from its existing shareholders at a price of Baht 12.50 per share, totaling Baht 25 million (see Note 4.2).
- 13.6 On October 9, 2018, Telex Asia Corporation Co., Ltd., a subsidiary company, acquired 70% of all ordinary shares of 3P Info Service Co., Ltd. from its existing shareholders, or equivalent to 140,000 shares at a price of Baht 5 per share, totaling Baht 0.7 million. This company is engaged in telecommunications business, including production, provision of repair and maintenance services for, and imports and exports of telecommunications equipment and telecommunications systems. It employs experts, and has good business relationships with its trading partners and significant bidding projects. However, as such company did not submit information or details relating to its bid for National Broadcasting and Telecommunications Commission (NBTC)'s project to provide high-speed internet service in remote areas to the Company for acknowledgement or consideration. In addition, such company did not sign the share purchase and sale agreement within December 25, 2018, which was the due date for share payment, as requested by the Company. Therefore, the Company reserves the right to terminate the investment in 3P Info Service Co., Ltd., and the subsidiary has not made any payment for such investment.
- 13.7 On June 25, 2019, the Board of Directors' Meeting No. 8/2019 of the Company has approved to invest in Pracharath Project by using Ferrum Energy Co., Ltd. ("FER EN") that is a subsidiary of Ferrum Capital Co., Ltd. ("FER CAP") to purchase share of Eco Energy Group Corporation Co., Ltd. ("ECO") in 76.92% of shareholder's percentage (see Note 4.3).
- 13.8 On July 23, 2019, the Board of Directors' meeting No.10/2019 of the Company passed a resolution approving Ferrum Energy Co., Ltd. ("FER EN"), which is a subsidiary of Ferrum Capital Co., Ltd. ("FER CAP") to purchase the ordinary shares in Energy Revolution Co., Ltd. ("ERV"). FER EN purchased 1 ordinary share from the existing shareholder in the amount of Baht 100.

On September 18, 2019, the Board of Directors' meeting No. 11/2019 of the Company passed a resolution approving FER EN to purchase the additional ordinary shares in ERV, with representing 50% of share capital (see Note 4.4).

On September 24, 2019, the Extra Ordinary Shareholders' meeting No. 1/2019 of ERV passed a special resolution to increase in share capital from Baht 1 million to Baht 5 million by issuing 40,000 new ordinary shares at the par value of Baht 100 per share, totaling Baht 4 million. ERV has registered with the Department of Business Development, Ministry of Commerce on October 9, 2019.

On October 9, 2019, the Board of Directors' meeting No. 14/2562 of the Company passed a resolution approving FER EN to purchase 30% of the shares, amounting to Baht 27.50 million and called for 50% of share capital, which consequently cause the percentage of shareholding to change from 50% to 30%. However, the directors of the Company is the same directors of ERV. Therefore, the Company has considered that the investment in ERV is investment in subsidiary.

On November 29, 2019, the Extra Ordinary Shareholders' meeting No. 2/2019 of ERV passed a special resolution to increase in share capital from Baht 5 million to Baht 100 million by issuing 950,000 new ordinary shares at the par value of Baht 100 per share, totalling Baht 95 million and called for 50% of share capital. ERV has registered with the Department of Business Development, Ministry of Commerce on December 3, 2019.

- 13.9 On September 18, 2019, the Board of Directors' Meeting No. 11/2019 of the Company passed a resolution to dispose 60,000 ordinary shares of M-Link Shop, representing 60% of total issued and paid-up capital of M-Link with a par value of Baht 100 per share to a person who is not a connected person and without any relationship and/or any connection with the Company's executives, Board of Directors, major shareholders, or controlling person of the Company and its subsidiaries with price of Baht 60 million and received cash amount of Baht 60 million on September 19, 2019. The disposition of ordinary shares of M-Link Shop Company Limited will be end up as the Company's subsidiary but still an associate.

Since the Company lost of control in subsidiary so the Company derecognized the assets and liabilities of such subsidiary including non-controlling interests in full and measured the investment retained in the former subsidiary at its fair value. Details of the disposal of investment in subsidiary are as follow:

| | (Unit: Thousand Baht) |
|---|------------------------------|
| Cash and cash equivalents | 72 |
| Trade and other receivables | 901 |
| Other payables | (17,268) |
| Short-term loans to related persons | (65,200) |
| Net assets | (81,495) |
| Non-controlling interests | (4,099) |
| Fair value of net assets | (77,396) |
| Cash received from disposal of investment in the subsidiary | 60,000 |
| Gain on disposal of investment in subsidiary | 137,396 |

For the year ended December 31, 2019, the Company recorded gain on disposal of investment in subsidiary amount of Baht 137.40 million in the consolidated statement of profit or loss and other comprehensive income, and recorded gain on disposal of investment in subsidiary in the separate statement of profit or loss and other comprehensive income amount of Baht 60 million because the Company recorded allowance for impairment in whole amount.

Net cash flows from sales of investment in this subsidiary company was as follows:

| | (Unit: Thousand Baht) |
|--|------------------------------|
| Cash received from sales of investment in the subsidiary | 60,000 |
| <u>Less: Cash and cash equivalents of the subsidiary company at selling date</u> | <u>(72)</u> |
| Net cash flows from sales of investment in the subsidiary | <u>59,928</u> |

- 13.10 On September 18, 2019, the Extraordinary Meeting of shareholder No. 1/2019 of M Link Shop Company Limited had approved to change the formerly name of M Link Shop Company Limited to be System and software services Company Limited and edited the Company's affidavit from wholesale business to be services and sales of equipment related to VR game. Such company registered the change of company information and amend the memorandum of association with the Department of Business Development, Ministry of Commerce has been completed on September 26, 2019.
- 13.11 On September 20, 2019, the Extraordinary Meeting of shareholders No. 2/2019 of Telemax Asia Corporation Company Limited had approved to change the formerly name of Telemax Asia Corporation Company Limited to be Beyond Healthcare Company Limited and edited the Company's affidavit from wholesale business to be the business related to beauty and health care. Such company registered the change of company information and amend the memorandum of association with the Department of Business Development, Ministry of Commerce has been completed on September 25, 2019.
- 13.12 On September 24, 2019, the Board of Directors' meeting No. 13/2019 of the Company, had approved Beyond Healthcare Co., Ltd. (Formerly known as Telemax Asia Corporation Company Limited) ("BHC") is the Company's subsidiary holding 100.00% to invest in ordinary shares of Auswelllife Co., Ltd. ("AWL"), from a person who is not a connected person and without any relationship and/or any connection with the Company's executives, Board of Directors, major shareholders, or controlling person of the Company and its subsidiaries acquire 1 ordinary share at a par value of Baht 100 per share, representing 0.00 % of the issued and paid-up capital of AWL. Consequently, the Extraordinary General Meeting No. 4/2562 of Auswelllife Co., Ltd. held on October 1, 2019 had approved to increase register shares capital from Baht 7,000,000 to Baht 40,000,000 by issuing ordinary shares 330,000 at par value of Baht 100 per share, amounting to Baht 33,000,000. By Beyond Healthcare Co., Ltd. had acquired 107,999 shares at par value Baht 100 per share, amounting to Baht 10,799,900 million, representing 27.00% of the issued and paid-up capital of Auswelllife Co., Ltd.
- 13.13 Acquisition of additional interests in subsidiary company
- On March 23, 2018, the Board of Directors' meeting of the Company passed the resolutions as follows:
- 1) Approving an investment plan by Telemax Asia Corporation Co., Ltd., a subsidiary company, in smart vending machines purchased from A.E.I. Import and Export Co., Ltd. of Baht 99 million.
 - 2) Approving the increase of share capital in Telemax Asia Corporation Co., Ltd., a subsidiary company, from Baht 30 million (30,000 ordinary shares of Baht 100 each) to Baht 250 million (250,000 ordinary shares of Baht 100 each) through an issuance of additional 220,000 ordinary shares of Baht 100 each. The subsidiary company registered the increase of its share capital with the Ministry of Commerce on April 17, 2018. The share capital is fully called-up, and the subsidiary company received payment on April 24, 2018.

After the Company paid in the additional capital, the subsidiary paid off Baht 117 million of debt (trade accounts receivable of Baht 81 million, loan of Baht 32 million and accrued interest expenses of Baht 4 million) for which the Company had previously set aside allowance for doubtful debts in full. The management of the Company have considered the current circumstances of the business operations of the subsidiary and is of the opinion that allowance for impairment of investment in Telex Asia Corporation Co., Ltd. should be increased by Baht 117 million, which is the same amount as the allowance for doubtful accounts that was reversed due to the debt settlement.

In the first quarter of 2018, the subsidiary company made payment of Baht 71 million as a deposit for a purchase of smart vending machine. Subsequently, on August 30, 2018, a meeting of the Board of Directors of the Company passed a resolution approving termination of the investment in smart vending machines by the subsidiary company, as a new business opportunity with a higher return was being explored. The subsidiary company and A.E.I. Import and Export Co., Ltd. have terminated their investment in smart vending machines, as agreed, and the subsidiary company has received a refund of its deposit of Baht 71 million, without any termination penalty incurred. In addition, on November 1, 2018, the subsidiary company terminated the agreement for the rental of smart vending machines made with Blue Mobile International Co., Ltd.

13.14 Establishment of subsidiary company

13.14.1 On November 5, 2018, a meeting of the Board of Directors of the Company passed a resolution approving the establishment by Star Gas Co., Ltd., a subsidiary company, of a new company named “Star Petroleum Plus Co., Ltd.”, which is 100% held by the subsidiary, to support the expansion of the oil and non-oil businesses, with registered share capital of Baht 20 million (200,000 ordinary share of Baht 100 each). Such company registered its establishment on November 9, 2018 and received full payment for share subscription.

13.14.12 On November 26, 2019, the Board of Directors’ Meeting passed a resolution to approve to establishment by Ferrum Energy Co., Ltd., a subsidiary company, of a new company named “ERV International Co., Ltd.” which is 99.99% held by the subsidiary, to support the expansion of the buy-sell, export-import energy saving technology, with registered share capital of Baht 1.00 million (10,000 ordinary share of Baht 100 each). Such company registered its establishment on December 20, 2019 and received 25% payment for share subscription.

13.15 Dissolution of subsidiary companies

On June 19, 2018, a meeting of the Board of Directors of the Company passed a resolution approving the dissolution of Chiang Mai Waste2Power Co., Ltd., a subsidiary company. The subsidiary company registered its dissolution with the Ministry of Commerce on July 10, 2018 and completed the liquidation process on January 27, 2020.

13.16 Disposal of investment in subsidiary company

On December 7, 2018, a meeting of the Board of Directors of the Company passed a resolution approving the disposal of all 438,421 shares in Mitprasong Greenpower Co., Ltd., a subsidiary company, held by Ferrum Energy Co., Ltd., another subsidiary company, or a 62.63% interest, to Smothong Group Co., Ltd. Settlement was made in the form of cash payment amounting to Baht 60 million and 84,000 ordinary shares of Smothong Group Co., Ltd., of which initial fair value assessed using the market approach (this was not assessed by an independent professional valuer) was Baht 42 million, resulting in a total payment of Baht 102 million. The subsidiary company transferred the shares in Mitprasong Greenpower Co. Ltd. and received payment for the shares in the form of cash amounting to Baht 60 million and 84,000 ordinary shares of Smothong Group Co., Ltd.

Subsequently, the Company engaged an independent professional valuer to assess the fair value of the ordinary shares of Smothong Group Co., Ltd. The valuer decided that the discounted cash flow method was the most appropriate method, and the fair value of the 84,000 ordinary shares received by the subsidiary company assessed using this method was Baht 24.8 million.

Loss on disposal of investment in this subsidiary company were as follows:

| | (Unit: Thousand Baht) |
|---|-----------------------|
| Cash received from disposal of investment in subsidiary | 60,000 |
| Fair values of Smothong Group Co., Ltd.'s shares | 24,800 |
| Total values of consideration | <u>84,800</u> |
| <u>Less:</u> Cash and cash equivalents | (4,563) |
| Trade and other receivables | (11,251) |
| Restricted bank deposits | (5,640) |
| Plant and equipment | (231,585) |
| Goodwill | (11,837) |
| Intangible assets | (67,457) |
| Deferred tax assets | (2,933) |
| Other non-current assets | (50) |
| <u>Add:</u> Other payables | 12,337 |
| Short-term loans from related companies | 98,347 |
| Long-term loans from financial institutions | 42,863 |
| Government grants | 24,178 |
| Deferred tax liabilities | <u>4,922</u> |
| Total | (67,869) |
| <u>Add:</u> Non-controlling interests | <u>55,167</u> |
| Loss on disposal of investment in subsidiary company | <u>(12,702)</u> |

For the year ended December 31, 2018, the Group recorded loss on disposal of investment in subsidiary company as presented in other expenses in the consolidated statement of profit or loss and other comprehensive income.

Net cash flows from the disposal of investment in this subsidiary company was as follows:

| | (Unit: Thousand Baht) |
|---|-----------------------|
| Cash received from disposal of investment in subsidiary | 60,000 |
| <u>Less:</u> Cash and cash equivalents of subsidiary company at disposal date | <u>(4,563)</u> |
| Net cash flows from disposal of investment in subsidiary company | <u>55,437</u> |

14. OTHER LONG-TERM INVESTMENTS

Other long-term investments as at December 31, 2019 and 2018 are as follows:

| Company | Paid up capital | | Consolidation statement Shareholding percentage | | (Unit: Thousand Baht) | |
|--|-----------------|---------|--|------|-----------------------|---------------|
| | 2019 | 2018 | 2019 | 2018 | Amount | |
| | | | | | 2019 | 2018 |
| | | | (%) | (%) | | |
| Smothong Group Co., Ltd. | 688,400 | 688,400 | 1.22 | 1.22 | 24,801 | 24,801 |
| Vithai Biopower Co. Ltd. | 250,000 | - | 16.00 | - | 40,000 | - |
| <u>Less:</u> Allowance for impairment of other long-term investment | | | | | (40,000) | - |
| | | | | | <u>24,801</u> | <u>24,801</u> |

During 2018, Ferrum Energy Co., Ltd., a subsidiary of the Company, sold the investment in Mitprasong Green Power Co., Ltd. to Smothong Group Co., Ltd. under stock purchase agreement. Smothong Group Co., Ltd. transferred 84,000 of their shares to the subsidiary and, from the price appraisal of independent value appraiser using discount cash flow method, the fair value of those shares was Baht 24.8 million (see Note 13.16).

15. INVESTMENT IN JOINT VENTURE

15.1 Details of investment in joint venture

Investment in joint venture represents investment in entity which is jointly controlled by the Company and another company. Details of this investment are as follows:

| Joint venture | Nature of business | Shareholding percentage | | Consolidated financial statements | | (Unit: Thousand Baht) | |
|--|---------------------------|----------------------------|------|--|----------------|----------------------------------|----------|
| | | 2019 | 2018 | Carrying amount based on equity method | | Separate financial statements | |
| | | | | 2019 | 2018 | Cost | |
| | | (%) | (%) | | | 2019 | 2018 |
| Mlink QIR Co., Ltd. | In process of liquidation | 60 | 60 | (6,451) | (6,451) | 9,000 | 9,000 |
| <u>Less:</u> Allowance for impairment of investment | | | | (6,451) | - | (9,000) | (9,000) |
| Net | | | | <u>-</u> | <u>(6,451)</u> | <u>-</u> | <u>-</u> |

The Company has entered into a joint venture agreement and has established Mlink QIR Co., Ltd. to distribute and install infrared systems, including spare parts for various equipment and infrared cameras, for domestic and overseas clients. The Company has a 60 shareholding percentage while decisions on relevant activities have to be approved by the venturer who jointly control the joint arrangement.

On September 26, 2016, the Company issued a notice to another venturer to demand such venturer repurchase all ordinary shares that the Company held in Mlink QIR Co., Ltd. at Baht 148 per share, or for a total of Baht 13.3 million, as permitted under the conditions of the Joint Venture Agreement. In addition, the Company called for the venturer to settle outstanding debt to Mlink QIR Co., Ltd., with accrued interest totaled USD 222,408, on March 31, 2016.

As at December 31, 2019, the Company has not yet received feedback from the venturer regarding the payment which provision for impairment of the investment was provided.

On January 26, 2018, a meeting of the Board of Directors of the Company passed a resolution approving the dissolution of Mlink QIR Co., Ltd., a joint venture. This company registered its dissolution with the Ministry of Commerce on February 19, 2018 and currently is in process of liquidation.

15.2 Share of comprehensive income

During the years, the Company recognized its share of comprehensive income from investment in the joint venture in the consolidated financial statements as follows:

| (Unit: Thousand Baht) | | |
|-----------------------|--|------|
| | Consolidated financial statements | |
| | Share of profit from investment in joint venture during the year | |
| | 2019 | 2018 |
| Joint venture | | |
| Mlink QIR Co., Ltd. | - | 355 |

15.3 Summarized financial information about material joint venture

Summarized information about financial position

| (Unit: Thousand Baht) | | |
|--|---------------------|----------|
| | Mlink QIR Co., Ltd. | |
| | 2019 | 2018 |
| Cash and cash equivalent | - | 91 |
| Other receivables | - | - |
| Other payables | - | (1,378) |
| Short-term loans | - | (11,012) |
| Net liabilities | - | (12,299) |
| Shareholding percentage | 60% | 60% |
| Share of net liabilities | - | (7,379) |
| Elimination entries | - | 7,403 |
| Carrying amounts of joint venture based on equity method | - | 24 |

Summarized information about comprehensive income

| | (Unit: Thousand Baht) | |
|--|-----------------------|-------|
| | For the years ended | |
| | December 31, | |
| | Mlink QIR Co., Ltd. | |
| | 2019 | 2018 |
| Other income | - | 630 |
| Administrative expenses | - | (38) |
| Finance cost | - | (104) |
| Profit | - | 488 |
| Total comprehensive income | - | 488 |
| Shareholding percentage | 60% | 60% |
| Share of profit | - | 293 |
| Elimination entries | - | 62 |
| Share of profit from investment in joint venture | - | 355 |

16. INVESTMENT PROPERTY

As at December 31, 2019 and 2018, change in net book value of investment properties are presented below: (Consolidate financial statements: Nil)

| | (Unit: Thousand Baht) | |
|---|-----------------------|---------|
| | Separate | |
| | financial statements | |
| | 2019 | 2018 |
| Net book value at beginning of year | 203,200 | - |
| Transfers in from property, plant and equipment | - | 22,353 |
| Revaluation surplus | 1,480 | 180,847 |
| Net book value at ending of year | 204,680 | 203,200 |

The Company had office building space for rental to its subsidiaries, thus classified the rental space as investment properties in the separate financial statements.

The fair value of the above investment properties has been determined based on valuation performed by an accredited independent value. The fair value of the office building held for rent has been determined using the income approach. Key assumptions used in the valuation include yield rate, inflation rate, space rental rate and long-term growth in real rental rates.

17. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment year as at December 31, 2019 and 2018 were summarized as follows:

(Unit: Thousand Baht)

| | Consolidate financial statement | | | | Balance as at December 31, 2019 Baht |
|---|---|------------------|--------------------|---|---|
| | Balance as at January 1, 2019 Baht | Increase Baht | (Decrease) Baht | Additions from acquisition of business (see Note 4.3) | |
| Cost: | | | | | |
| Land and land improvement | 132,760 | - | - | 44,473 | 177,233 |
| Buildings and building improvements | 461,500 | 9,014 | (60) | - | 470,454 |
| Biogas electricity generating system | 145,821 | 1,774 | - | - | 147,595 |
| Machinery and equipment | 209,133 | 433 | (17) | 7 | 209,556 |
| Office equipment | 42,336 | 1,523 | (1,589) | 547 | 42,817 |
| Furniture and fixtures | 15,935 | 2,068 | - | 347 | 18,350 |
| Motor Vehicles | 149,952 | 9,417 | (86,102)* | - | 73,267 |
| Tools and equipment to repair mobile phone | 5,404 | - | (1,879) | - | 3,525 |
| Total Costs | 1,162,841 | 24,229 | (89,647) | 45,374 | 1,142,797 |
| Accumulated depreciation: | | | | | |
| Land improvement | (3,600) | (469) | - | - | (4,069) |
| Buildings and building improvements | (251,179) | (18,009) | - | - | (269,188) |
| Biogas electricity generating system | (50,905) | (5,817) | - | - | (56,722) |
| Machinery and equipment | (52,219) | (15,470) | 2 | (7) | (67,694) |
| Office equipment | (36,522) | (3,425) | 1,025 | (547) | (39,469) |
| Furniture and fixtures | (6,413) | (414) | - | (347) | (7,174) |
| Motor Vehicles | (98,194) | (12,075) | 83,598* | - | (26,671) |
| Tools and equipment to repair mobile phone | (3,168) | (1,296) | 887 | - | (3,577) |
| Total accumulated depreciation | (502,200) | (56,975) | 85,512 | (901) | (474,564) |
| Property, plant and equipment - net | 660,641 | | | | 668,233 |
| Construction in progress | 79,776 | 2,140 | (70,584) | 14,912 | 26,244 |
| <u>Less</u> Allowance for diminution in value | (676) | - | - | - | (676) |
| Total property, plant and equipment | 739,741 | | | | 693,801 |

* It is included sale for gas transportation vehicles which calculated for a fully depreciation, is an indirect subsidiary. The subsidiary transferred control to buyer.

| (Unit: Thousand Baht) | | | | | |
|---|---|----------|------------|--|---|
| | Consolidate financial statement | | | | Balance as at December 31, 2018 Baht |
| | Balance as at January 1, 2018 Baht | Increase | (Decrease) | Transfer between account Baht | |
| | | Baht | Baht | | |
| Cost: | | | | | |
| Land and land improvement | 132,760 | - | - | - | 132,760 |
| Buildings and building improvements | 475,797 | 12,334 | (27,160) | 529 | 461,500 |
| Biogas electricity generating system | 289,636 | 264 | (144,079) | - | 145,821 |
| Machinery and equipment | 236,582 | 12,345 | (60,098) | 20,304 | 209,133 |
| Office equipment | 46,124 | 1,965 | (5,753) | - | 42,336 |
| Furniture and fixtures | 12,398 | 4,131 | (594) | - | 15,935 |
| Motor Vehicles | 145,525 | 7,950 | (3,523) | - | 149,952 |
| Tools and equipment to repair mobile phone | 6,060 | 221 | (877) | - | 5,404 |
| Total Costs | 1,344,882 | 39,210 | (242,084) | 20,833 | 1,162,841 |
| Accumulated depreciation: | | | | | |
| Land improvement | (3,131) | (469) | - | - | (3,600) |
| Buildings and building improvements | (225,680) | (28,603) | 3,104 | - | (251,179) |
| Biogas electricity generating system | (36,759) | (14,146) | - | - | (50,905) |
| Machinery and equipment | (32,863) | (19,356) | - | - | (52,219) |
| Office equipment | (36,497) | (4,453) | 4,428 | - | (36,522) |
| Furniture and fixtures | (4,367) | (2,046) | - | - | (6,413) |
| Motor Vehicles | (90,610) | (10,039) | 2,455 | - | (98,194) |
| Tools and equipment to repair mobile phone | (3,459) | (587) | 878 | - | (3,168) |
| Total accumulated depreciation | (433,366) | (79,699) | 10,865 | - | (502,200) |
| Property, plant and equipment - net | 911,516 | | | | 660,641 |
| Construction in progress | 19,569 | 82,490 | (1,450) | (20,833) | 79,776 |
| Less Allowance for diminution in value | - | (676) | - | - | (676) |
| Total property, plant and equipment | 931,085 | | | | 739,741 |
| Depreciation for the year ended December 31, | | | | | |
| 2019 | | | | Thousand Baht | 56,975 |
| 2018 | | | | Thousand Baht | 79,699 |

| (Unit: Thousand Baht) | | | | |
|--|---|----------|------------|---|
| | Separate financial statement | | | Balance as at December 31, 2019 Baht |
| | Balance as at January 1, 2019 Baht | Increase | (Decrease) | |
| | | Baht | Baht | |
| Cost: | | | | |
| Land | 111,650 | - | - | 111,650 |
| Buildings and building improvements | 246,344 | 187 | - | 246,531 |
| Office equipment | 28,928 | 241 | (122) | 29,047 |
| Furniture and fixtures | 771 | 100 | - | 871 |
| Motor Vehicles | 30,621 | 3,700 | (16,623) | 17,698 |
| Tools and equipment to repair mobile phone | 2,505 | - | - | 2,505 |
| Total Costs | 420,819 | 4,228 | (16,745) | 408,302 |
| Accumulated depreciation: | | | | |
| Buildings and building improvements | (160,841) | (5,017) | - | (165,858) |
| Office equipment | (24,959) | (1,214) | 104 | (26,069) |
| Furniture and fixtures | (148) | (159) | - | (307) |
| Motor Vehicles | (20,084) | (2,785) | 15,780 | (7,089) |
| Tools and equipment to repair mobile phone | (2,488) | (4) | - | (2,492) |
| Total accumulated depreciation | (208,520) | (9,179) | 15,884 | (201,815) |
| Total property, plant and equipment | 212,299 | | | 206,487 |

(Unit: Thousand Baht)

| | Separate financial statement | | | | Balance as at December 31, 2018 Baht |
|---|---|----------|------------|--|---|
| | Balance as at January 1, 2018 Baht | Increase | (Decrease) | Transfer between account Baht | |
| | | Baht | Baht | Baht | |
| Cost: | | | | | |
| Land | 111,650 | - | - | - | 111,650 |
| Buildings and building improvements | 311,861 | 9,037 | (532) | (74,022) | 246,344 |
| Office equipment | 31,029 | 718 | (3,839) | 1,020 | 28,928 |
| Furniture and fixtures | 231 | 124 | - | 416 | 771 |
| Motor Vehicles | 27,400 | 6,728 | (3,507) | - | 30,621 |
| Tools and equipment to repair mobile phone | 3,147 | 3 | (645) | - | 2,505 |
| Total Costs | 485,318 | 16,610 | (8,523) | (72,586) | 420,819 |
| Accumulated depreciation: | | | | | |
| Buildings and building improvements | (204,443) | (4,760) | 532 | 47,830 | (160,841) |
| Office equipment | (26,436) | (2,274) | 3,822 | (71) | (24,959) |
| Furniture and fixtures | (6) | (145) | - | 3 | (148) |
| Motor Vehicles | (18,423) | (4,107) | 2,446 | - | (20,084) |
| Tools and equipment to repair mobile phone | (3,099) | (35) | 646 | - | (2,488) |
| Total accumulated depreciation | (252,407) | (11,321) | 7,446 | 47,762 | (208,520) |
| Property, plant and equipment - net | 232,911 | | | | 212,299 |
| Construction in progress | 195 | 153 | - | (348) | - |
| Total property, plant and equipment | 233,106 | | | | 212,299 |
| Depreciation for the year ended December 31, | | | | | |
| 2019 | | | | Thousand Baht | 9,179 |
| 2018 | | | | Thousand Baht | 11,321 |

As at December 31, 2019 and 2018, the Company and its subsidiaries have mortgaged their land, buildings and machine with total net book value amounting to approximately Baht 395 million and Baht 248 million, respectively. For separate financial statements amounting to Baht 260 million and Baht 213 million, respectively, to secure credit facilities for long-term borrowing from a financial institution (see Note 26).

The Company and its subsidiaries company arranged for an independent professional valuer to appraise the value of certain assets in 2019 on an asset-by-asset basis. The basis of the revaluation was as follows:

- Land was revalued using the market approach
- Buildings and building improvements were revalued using the cost approach

Had the land, buildings and building improvements been carried in the financial statements on a historical cost basis, their net book value as of December 31, 2019 and 2018 would have been as follows:

| | (Unit: Thousand Baht) | | | |
|-------------------------------------|-----------------------|---------|----------------------|--------|
| | Consolidated | | Separate | |
| | financial statements | | financial statements | |
| | 2019 | 2018 | 2019 | 2018 |
| Land | - | 77,959 | - | 67,200 |
| Buildings and building improvements | - | 208,153 | - | 19,366 |

As at December 31, 2019, the Company and its subsidiaries had motor vehicles with net book value of Baht 11 million (Separate financial statements: Baht 10 million) (2018: Baht 10 million) (Separate financial statements: Baht 9 million)) which were acquired under finance lease agreements.

As at December 31, 2019, the Company and its subsidiaries have certain items of plant and equipment were fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation and allowance for impairment loss of those assets amounted to approximately Baht 143 million (2018: Baht 197 million) (Separate financial statements: Baht 67.50 million (2018: Baht 194 million)).

18. LEASEHOLD RIGHTS

Changes in of the net book value of leasehold rights for the years ended December 31, 2019 and 2018 were presented as below:

| | (Unit: Thousand Baht) | | | |
|-------------------------------------|-----------------------|---------------|---------------------|------------|
| | Consolidated | | Separate | |
| | financial statement | | financial statement | |
| | 2019 | 2018 | 2019 | 2018 |
| Net book value at beginning of year | 48,339 | 1,230 | 588 | 1,230 |
| Increase during the year | 16,720 | 47,982 | - | - |
| Amortization | (2,406) | (873) | (575) | (642) |
| Net book value at end of year | <u>62,653</u> | <u>48,339</u> | <u>13</u> | <u>588</u> |

For the year ended December 31, 2019, Star Petroleum Plus Co., Ltd., which is the subsidiary company, entered into petrol stations agreement for a period of 30 years for business operation. The subsidiary has already paid of Baht 16 million for the leasehold rights (2018 : Nil).

19. GOODWILL

Movements of the goodwill account during the years ended December 31, 2019 and 2018 were summarized below.

| | (Unit: Thousand Baht) Consolidated financial statements | |
|--|---|--------------------|
| | 2019 | 2018 “Restated” |
| Balance as at beginning of the year | 186,695 | 190,570 |
| Increase from business acquisition | 56,737 | 49,570 |
| <u>Less:</u> Effect from the measurement as at the acquisition date (see Note 4.1) | - | (41,607) |
| Decrease from disposal of investment in subsidiary company (see Note 13.16) | - | (11,838) |
| Impairment | (21,225) | - |
| Balance as at end of the year | <u>222,207</u> | <u>186,695</u> |

Goodwill of 2019 was arising from the Company bought shares of Eco Energy Group Corporation Co., Ltd. (2018: rising from the Company bought shares of the group companies of Star Gas Co., Ltd. and SAM Water Supply Co., Ltd.).

The Company and its subsidiary have determined recoverable amounts of their cash generating units (CGUs) based on value in use calculation using cash flow projections from financial budgets approved by the management covering 15 years, which some of them are based on the contract period.

The management has considered the growth rate from historical operations, expected market growth rate, gross domestic product growth rate and discount rate which are the rates before income tax which relate to the specific risk in that operating segment.

20. INTANGIBLE ASSETS

Intangible assets as at December 31, 2019 and 2018 consist of:

| | (Unit: Thousand Baht) Consolidated financial statements | | | |
|--|--|------------------|--------------------|---|
| | Balance as at January 1, 2019 Baht | Increase Baht | (Decrease) Baht | Balance as at December 31, 2019 Baht |
| Cost: | | | | |
| Computer software and application software | 167,368 | 612 | - | 167,980 |
| Rights under electricity purchase and sale agreements | 96,283 | - | - | 96,283 |
| Rights and benefits under land lease agreements | 69,045 | - | - | 69,045 |
| Rights under gas station management agreements | 82,640 | - | - | 82,640 |
| Customer contracts | 52,009 | - | - | 52,009 |
| Total Costs | <u>467,345</u> | <u>612</u> | <u>-</u> | <u>467,957</u> |
| Accumulated amortization : | | | | |
| Computer software and application software | (61,245) | (1,120) | - | (62,365) |
| Rights under electricity purchase and sale agreements | (16,562) | (3,929) | - | (20,491) |
| Rights and benefits under land lease agreements | (8,097) | (4,424) | - | (12,521) |
| Rights under gas station management agreements | (6,821) | (3,727) | - | (10,548) |
| Customer contracts | - | (8,692) | - | (8,692) |
| Total accumulated amortization | <u>(92,725)</u> | <u>(21,892)</u> | <u>-</u> | <u>(114,617)</u> |
| Intangible assets - net | 374,620 | | | 353,340 |
| <u>Less</u> Allowance for diminution in value | <u>(101,747)</u> | <u>-</u> | <u>-</u> | <u>(101,747)</u> |
| Total intangible assets | <u>272,873</u> | | | <u>251,593</u> |

(Unit: Thousand Baht)

Consolidated financial statements

| | Balance as at January 1, 2018 Baht | Increase Baht | (Decrease) Baht | Balance as at December 31, 2018 Baht |
|---|---|------------------|----------------------|---|
| Cost : | | | | |
| Computer software and application software | 25,154 | 142,214 | - | 167,368 |
| Rights under electricity purchase and sale agreements | 163,740 | - | (67,457) | 96,283 |
| Rights and benefits under land lease agreements | 69,045 | - | - | 69,045 |
| Rights under gas station management agreements | 82,640 | - | - | 82,640 |
| Customer contracts | - | 52,009 | - | 52,009 |
| Total Costs | 340,579 | 194,223 | (67,457) | 467,345 |
| Accumulated amortization : | | | | |
| Computer software and application software | (21,456) | (39,789) | - | (61,245) |
| Rights under electricity purchase and sale agreements | (7,994) | (8,568) | - | (16,562) |
| Rights and benefits under land lease agreements | (3,673) | (4,424) | - | (8,097) |
| Rights under gas station management agreements | (3,094) | (3,727) | - | (6,821) |
| Total accumulated amortization | (36,217) | (56,508) | - | (92,725) |
| Intangible assets - net | 304,362 | | | 374,620 |
| <u>Less</u> Allowance for diminution in value | - | (102,464) | 717 | (101,747) |
| Total intangible assets | 304,362 | | | 272,873 |
| Amortization for the year ended December 31, | | | | |
| 2019 | | | Thousand Baht | 21,892 |
| 2018 | | | Thousand Baht | 56,508 |

(Unit: Thousand Baht)

Separate financial statements

| | Balance as at January 1, 2019 Baht | Increase Baht | (Decrease) Baht | Balance as at December 31, 2019 Baht |
|---------------------------------------|---|------------------|--------------------|---|
| Cost : | | | | |
| Computer software | 22,061 | 531 | - | 22,592 |
| Total Costs | 22,061 | 531 | - | 22,592 |
| Accumulated amortization : | | | | |
| Computer software | (18,269) | (879) | - | (19,148) |
| Total accumulated amortization | (18,269) | (879) | - | (19,148) |
| Total intangible assets | 3,792 | | | 3,444 |

| (Unit: Thousand Baht) | | | |
|--|---|------------------|---|
| | Separate financial statements | | |
| | Balance as at January 1, 2018 Baht | Increase Baht | (Decrease) Baht |
| | | | Balance as at December 31, 2018 Baht |
| Cost : | | | |
| Computer software | 21,142 | 919 | - |
| Total Costs | 21,142 | 919 | - |
| Accumulated amortization : | | | |
| Computer software | (17,444) | (825) | - |
| Total accumulated amortization | (17,444) | (825) | - |
| Total intangible assets | 3,698 | | 3,792 |
| Amortization for the years ended December 31, | | | |
| 2019 | | Thousand Baht | 879 |
| 2018 | | Thousand Baht | 825 |

21. DEPOSITS FOR BUSINESS DUE DILIGENCE

Deposits for business due diligence as at December 31, 2019 and 2018 comprised of as follows:

| | | | | | (Unit: Thousand Baht) | |
|--|---|---------------------|----------------------|----------|-----------------------|---------|
| Payer | Paid to | Related by | Consolidated | | Separate | |
| | | | Financial Statements | | Financial Statements | |
| | | | 2019 | 2018 | 2019 | 2018 |
| Company | - Director of subsidiary company | Related person | - | 100,000 | - | 100,000 |
| | - Shareholder of the Company | Related person | 75,000 | 60,000 | 75,000 | 60,000 |
| Ferrum Energy Co., Ltd. | - Eco Energy Group Corporation Co., Ltd. | Non-related company | - | 50,000 | - | - |
| | - Hatyai Environmental Management Co., Ltd. | Related company | - | 10,000 | - | - |
| | - Excellent Tech Co., Ltd. | Non-related company | 2,500 | 2,500 | - | - |
| Total | | | 77,500 | 222,500 | 75,000 | 160,000 |
| <u>Less:</u> Allowance for diminution in value | | | (2,500) | (52,500) | - | - |
| Total deposit for business due diligence - net | | | 75,000 | 170,000 | 75,000 | 160,000 |

For the year ended December 31, 2019, Ferrum Energy Co., Ltd. received deposits for business due diligence before business acquisition amount Baht 50 million from Eco Energy Group Corporation Co., Ltd. by recording reversal allowance for diminution in value in statement of profit or loss and other comprehensive income.

Changes in the deposits for business due diligence account as at December 31, 2019 and 2018 summarized below:

| | Consolidated | | (Unit: Thousand Baht) | |
|---|-----------------------------|----------------|------------------------------|----------------|
| | financial statements | | Separate | |
| | 2019 | 2018 | 2019 | 2018 |
| Balance as at beginning of the year | 170,000 | 68,000 | 160,000 | 18,000 |
| Increase during the year | 15,000 | 170,000 | 15,000 | 160,000 |
| Receipt during the year | (160,000) | (9,000) | (100,000) | (9,000) |
| Increase in allowance for diminution in value during the year | - | (50,000) | - | - |
| Reverse of allowance for diminution in value | 50,000 | - | - | - |
| Write off | - | (9,000) | - | (9,000) |
| Balance as at end of the year | <u>75,000</u> | <u>170,000</u> | <u>75,000</u> | <u>160,000</u> |

On December 13, 2019, the Company have entered into ordinary share purchase agreement with Gold Shores Co., Ltd. to purchase 318,997 ordinary shares, with Baht 235.11 per share, totaling Baht 75 million. The deposit for business diligence amount Baht 60 million which was paid on July 17, 2018 is part of subscription payment and the remaining of Baht 15 million and was paid on December 18, 2019. Moreover, the Company have not yet received shares certificate from such company. Therefore, the Company still maintain this amount as deposit for business due diligence as at December 31, 2019.

On August 31, 2018, the Company issued a cheque in accordance with a resolution passed by the Company's Board of Directors on August 30, 2018 approving payment of a Baht 100 million deposit for investigation of the feasibility of a business acquisition to a subsidiary company's director, who was assigned to study this project opportunity. In accordance with the terms of a memorandum of understanding between the Company and that director, this deposit was to be returned to the Company within December 12, 2018 since the business acquisition was not successful. However, that director did not returned the deposit on that date. Subsequently, the Company informed that it received cashier's cheques refunding this deposit of Baht 100 million on February 26, 2019 and February 27, 2019.

22. OTHER NON-CURRENT ASSETS

Other non-current assets as at December 31, 2019 and 2018 consisted of the following:

| | Consolidated | | (Unit: Thousand Baht) | |
|--------------------------------|-----------------------------|--------------|------------------------------|-------------|
| | financial statements | | Separate | |
| | 2019 | 2018 | 2019 | 2018 |
| Deposit for project | 46,600 | - | - | - |
| Others | 8,034 | 6,928 | 384 | 395 |
| Total other non-current assets | <u>54,634</u> | <u>6,928</u> | <u>384</u> | <u>395</u> |

During the year December 31, 2019, the subsidiaries of Eco Group Corporation Co., Ltd. have deposited power plants projects in 3 provinces in the Southern of Thailand with 3 megawatt amount Baht 46.60 million and already deposits for 10% of total amount (2018 : Nil).

23. BANK OVERDRAFTS AND SHORT-TERM BORROWINGS FROM FINANCIAL INSTITUTIONS

Bank overdrafts and short-term borrowings from financial institutions as at December 31, 2019 and 2018 consisted of the following:

| | Interest rate (% per annum) | | Consolidated financial statements | | Separate financial statements | |
|-------------------------------------|--------------------------------|-------------|--------------------------------------|----------------|----------------------------------|---------------|
| | | | | | | |
| | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| Bank overdrafts | - | MOR - 0.5 | - | 2,895 | - | - |
| Short-term borrowings from banks | 4.70 - 6.24 | 5.05 - 6.75 | 110,000 | 127,500 | 70,000 | 67,500 |
| Total | | | <u>110,000</u> | <u>130,395</u> | <u>70,000</u> | <u>67,500</u> |

24. TRADE AND OTHER CURRENT PAYABLES

Trade and other current payables as at December 31, 2019 and 2018 consisted of the following:

| | Consolidated financial statements | | Separate financial statements | |
|---|--------------------------------------|----------------|----------------------------------|---------------|
| | | | | |
| | 2019 | 2018 | 2019 | 2018 |
| Trade payables - related parties (see Note 5) | 796 | 878 | - | - |
| Trade payables - non-related parties | 58,829 | 37,422 | - | - |
| Other payables - related parties (see Note 5) | 57,245 | 48,000 | 57,245 | 48,000 |
| Other payables - non-related parties | 17,816 | 15,094 | 2,273 | 1,822 |
| Accrued expenses - related parties (see Note 5) | 350 | - | - | - |
| Accrued expenses - non-related parties | 38,365 | 36,538 | 4,478 | 4,934 |
| Accrued interest expenses - related parties (see Note 5) | 1,053 | - | 7,487 | 1,832 |
| Accrued interest expenses - non-related parties | 190 | 369 | - | - |
| Deferred income | 16,482 | - | - | - |
| Others | 23,858 | 10,990 | 2,271 | 3,567 |
| Total trade and other payables | <u>214,984</u> | <u>149,291</u> | <u>73,754</u> | <u>60,155</u> |

25. SHORT-TERM BORROWINGS

Short-term borrowings as at December 31, 2019 and 2018 consist of the following:

| Short - term borrowings | Interest rate (% per annum) | | Consolidated financial statements | | Separate financial statements | |
|--|--------------------------------|------|--------------------------------------|---------------|----------------------------------|---------------|
| | | | | | | |
| | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| Related company (see Note 5) | 6.75 | 7.50 | 62,454 | - | 89,105 | 75,000 |
| Director of subsidiary (see Note 5) | - | - | 250 | 16,498 | - | - |
| Non-related company | 7.50 | 7.50 | 6,688 | 5,600 | - | - |
| Total short-term borrowings | | | <u>69,392</u> | <u>22,098</u> | <u>89,105</u> | <u>75,000</u> |

As at December 31, 2019 and 2018, the Company and its subsidiaries have short-term borrowing in term of promissory notes, with no collateral, at call.

In December 2019, short-term borrowing from the related company have been reduced interest rate from 7.5% per annum to 6.75 % per annum, since December 1, 2019.

26. LONG-TERM BORROWINGS FROM FINANCIAL INSTITUTIONS

Long-term borrowings from financial institutions as at December 31, 2019 and 2018 consisted of the following: (Separate financial statement: Nil)

| | (Unit: Thousand Baht) | |
|---|------------------------------|-----------------|
| | Consolidated | |
| | financial statements | |
| | 2019 | 2018 |
| Long-term borrowings | 158,770 | 148,104 |
| <u>Less: Current portion</u> | <u>(64,657)</u> | <u>(67,280)</u> |
| Long-term borrowings - net of current portion | <u>94,113</u> | <u>80,824</u> |

Changes in the long-term borrowings account for the years ended December 31, 2019 and 2018 were summarized below:

| | (Unit: Thousand Baht) | |
|---|------------------------------|------------------|
| | Consolidated | |
| | financial statements | |
| | 2019 | 2018 |
| Balance as at January 1, | 148,104 | 207,140 |
| <u>Add: Additional borrowings during the year</u> | <u>78,926</u> | <u>46,074</u> |
| <u>Less: Repayment</u> | <u>(68,260)</u> | <u>(105,110)</u> |
| Balance as at December 31, | <u>158,770</u> | <u>148,104</u> |

| (Unit: Thousand Baht) | | | | | | |
|---------------------------------|-------------------|---|---|--|-----------------------------------|--------|
| Company | Credit facilities | Significant terms and conditions of loan agreements | | | Consolidated financial statements | |
| | | Repayment schedule | Collateral | Interest rate | 2019 | 2018 |
| | | | | (% per annum) | | |
| <u>Subsidiaries</u> | | | | | | |
| Phrasaeng Green Power Co., Ltd. | 100,000 | <ul style="list-style-type: none">- 1st to the 8th installments after first drawdown: payment only of interest on the drawn down portion of the loan at the end of each month.- 9th to 18th installment: payment of principal and interest, at not less than Baht 1.57 million per month with settlement completed within 6 years.- 19th installment: perpetuating the contract for 9 months and paying interest of loan each end of the month for 19th to the 27th installments.- From the 28th installment: payment of principal and interest, at not less than Baht 1.18 million per month with settlement completed within 6 years 9 months. | <ul style="list-style-type: none">1. Land and buildings2. Guarantees by directors of the Company and its subsidiaries | <ul style="list-style-type: none">1st to the 18th installments: MLR-1% per annum19th to the 30th installments: MLR-1.5% per annumFrom the 31th installment: MLR-1% per annum | 42,656 | 61,496 |
| Star Gas Co., Ltd. | 123,600 | <ul style="list-style-type: none">- 1st to 3rd installments after first drawdown: payment only of interest on the drawn down portion of the loan at the end of each month.- From the 4th installment: payment of principal of Baht 2.13 million, together with separate interest payments, with settlement completed within 5 years. | <ul style="list-style-type: none">1. Leasehold rights to land on which gas stations are located2. Have Tawatpinyo Co., Ltd. transfer rights to receive payment for gas station management income to the bank | <ul style="list-style-type: none">MLR-1.5% per annum | 14,974 | 40,534 |

| | | | | | (Unit: Thousand Baht) | |
|--|-------------------|---|--|--------------------------------|-----------------------------------|----------|
| Company | Credit facilities | Significant terms and conditions of loan agreements | | | Consolidated financial statements | |
| | | Repayment schedule | Collateral | Interest rate (% per annum) | 2019 | 2018 |
| | | | | | | |
| <u>Subsidiaries (continued)</u> | | | | | | |
| SAM Water Supply Co., Ltd. | 125,000 | - 1st to 5th installments after the first drawdown: only interest on the drawn down portion of the loan is payable, on a monthly basis. - 6th to 53rd installment: payment of principal of Baht 2.08 million together with interest. - 54th installment: payment of the remaining principal together with interest. | 1. Fixed deposit at Baht 30 million 2. Fully guaranteed by the Company 3. Assignment the collection right of service fee under water treatment solutions for shrimp farms using Ultrafiltration (UF) and Ozone system Contract to bank | 3.58% per annum | 101,140 | 46,074 |
| Total Long-term borrowings from financial institutions | | | | | 158,770 | 148,104 |
| <u>Less :</u> Current portion of long-term borrowings from financial institutions | | | | | (64,657) | (67,280) |
| Long-term borrowings from financial institutions - net current portion of long-term borrowings from financial institutions | | | | | 94,113 | 80,824 |

According to loan agreement of Star Gas Co., Ltd., the subsidiary company must comply with the conditions stipulated in the agreement, such as maintaining percentage shareholdings, maintaining debt to equity ratio as not more than 1.2 times and debt service coverage ratio at not lower than 1.2 times as from the year 2016.

Movements in the long-term loans account during the years ended December 31, 2019 and 2018 were summarized below: (Separate financial statement : Nil)

| | (Unit: Thousand Baht) | |
|---|------------------------------|----------------|
| | Consolidated | |
| | financial statements | |
| | 2019 | 2018 |
| Balance at beginning of the year | 148,104 | 207,140 |
| Add: Additional borrowings | 78,926 | 46,074 |
| Less: Repayments | (68,260) | (62,247) |
| Decrease from disposal of subsidiary (see Note 13.16) | - | (42,863) |
| Balance at end of the years | <u>158,770</u> | <u>148,104</u> |

On August 1, 2019 and August 21, 2018, SAM Water supply Co., Ltd., a subsidiary company, entered into a loan agreement with a local bank totaling Baht 25 million and Baht 125 million carry interest at 6.775% per annum and 3.58% per annum, respectively. The repayment of the first installment is on the 4th month and 6th month after date on the loan agreement with payment of principal and interest to be completed within the 48th month. The subsidiary company is required to comply with covenants stipulated in the agreements, such as maintaining debt service coverage ratios at not lower than 1.25 - 1.5 times as from the year 2019 and debt to equity ratio of not more than 2 - 3 times in 2019 and 2 times from the year 2020 and not allow for dividend payment. In addition, the subsidiary had entered into an interest rate swap agreement with the above local bank for totaling loan of Baht 70 million to hedge the volatility of interest rate by paying interest at floating rates as specified in the agreement in exchange for fixed rates. However, the agreement will come into force on February 1, 2019. As at December 31, 2019, the subsidiary had loan outstanding of Baht 101 million (2018 : Baht 46 million).

27. LIABILITIES UNDER FINANCE LEASE AGREEMENTS

Liabilities under finance lease agreements as at December 31, 2019 and 2018 are consist of the following:

| | (Unit: Thousand Baht) | | | |
|---|------------------------------|--------------|-----------------------------|--------------|
| | Consolidated | | Separate | |
| | financial statements | | financial statements | |
| | 2019 | 2018 | 2019 | 2018 |
| Liabilities under finance lease agreements | 11,158 | 11,315 | 10,192 | 9,941 |
| Less: Deferred interest expenses | (670) | (1,381) | (573) | (1,251) |
| Total | <u>10,488</u> | <u>9,934</u> | <u>9,619</u> | <u>8,690</u> |
| Less: Current portion | (2,797) | (2,036) | (2,472) | (1,733) |
| Liabilities under finance lease agreements - net of current portion | <u>7,691</u> | <u>7,898</u> | <u>7,147</u> | <u>6,957</u> |

The Company and its subsidiaries entered into the finance lease agreements with leasing companies for rental of motor vehicles for use in their operations, whereby they are committed to pay rental on a monthly basis. The terms of the agreements are generally between 3 and 5 years.

Future minimum lease payments required under the finance lease agreements were as at December 31, 2019 and 2018 as follows:

| (Unit: Thousand Baht) | | | | | |
|--|------------------|--------------|--------------|--------------|----------------------------|
| Consolidated financial statements | | | | | |
| | Less than 1 year | | 1 - 5 years | | Total |
| | 2019 | 2018 | 2019 | 2018 | 2019 2018 |
| Future minimum lease payments | 3,317 | 2,562 | 7,841 | 8,753 | 11,158 11,315 |
| Deferred interest expenses | (520) | (526) | (150) | (855) | (670) (1,381) |
| Present value of future minimum lease payments | <u>2,797</u> | <u>2,036</u> | <u>7,691</u> | <u>7,898</u> | <u>10,488</u> <u>9,934</u> |

| (Unit: Thousand Baht) | | | | | |
|--|------------------|--------------|--------------|--------------|---------------------------|
| Separate financial statements | | | | | |
| | Less than 1 year | | 1 - 5 years | | Total |
| | 2019 | 2018 | 2019 | 2018 | 2019 2018 |
| Future minimum lease payments | 2,950 | 2,196 | 7,242 | 7,745 | 10,192 9,941 |
| Deferred interest expenses | (478) | (463) | (95) | (788) | (573) (1,251) |
| Present value of future minimum lease payments | <u>2,472</u> | <u>1,733</u> | <u>7,147</u> | <u>6,957</u> | <u>9,619</u> <u>8,690</u> |

28. GOVERNMENT GRANTS

Government grants as at December 31, 2019 and 2018 are as follows:

| | | | (Unit: Thousand Baht) | |
|---|--|--|-----------------------------------|---------------|
| | | | Consolidated financial statements | |
| | | | 2019 | 2018 |
| Balance as at beginning of year | | | 12,958 | 39,318 |
| Released to profit or loss | | | (12,958) | (2,182) |
| Decrease from disposal of investment in subsidiary (see Note 13.16) | | | - | (24,178) |
| Balance as at end of year | | | <u>-</u> | <u>12,958</u> |
| Current | | | - | 750 |
| Non-current | | | - | 12,208 |
| | | | <u>-</u> | <u>12,958</u> |

Phrasaeng Green Power Co., Ltd., a subsidiary company entered into agreements granting them financial support from the energy conservation fund under the Energy Policy and Planning Office's biogas technology support project for industrial plants, amounting to Baht 15 million. The subsidiary company has commitments to comply with terms under the agreements. The full amounts of these grants have already been received.

29. PROVISION FOR EMPLOYEE BENEFITS

29.1 Provision for long-term employee benefits as at December 31, 2019 and 2018 consisted of the following:

| | (Unit: Thousand Baht) | | | |
|--|--------------------------------------|--------------|----------------------------------|--------------|
| | Consolidated financial statements | | Separate financial statements | |
| | 2019 | 2018 | 2019 | 2018 |
| Provision for long-term employee benefits as at beginning of year | 6,323 | 4,551 | 1,955 | 1,832 |
| Increase from business acquisition | - | 276 | - | - |
| Recognized in profit or loss | | | | |
| Current service cost | 2,776 | 1,087 | 965 | 417 |
| Interest cost | 182 | 128 | 66 | 56 |
| Recognized in other comprehensive income | | | | |
| Actuarial (gain) loss | | | | |
| Demographic assumptions changes | - | 55 | - | (1) |
| Financial assumptions changes | 1,727 | 332 | 473 | 170 |
| Experience adjustments | - | (106) | - | (519) |
| Benefits paid during the year | (99) | - | - | - |
| Provision for long-term employee benefits at end of year | <u>10,909</u> | <u>6,323</u> | <u>3,459</u> | <u>1,955</u> |

The Company and its subsidiaries expect to pay Baht 0.04 million of long-term employee benefits during the next year (Separate financial statements: Nil) (2018: Baht 0.1 million (Separate financial statements: Nil)).

As at December 31, 2019, the weighted average duration of the liabilities for long-term employee benefit of the Company and its subsidiaries during 11 - 29 years (Separate financial statements: 18 years) (2018: 11 - 29 years (Separate financial statements: 18 years)).

Significant actuarial assumptions are as follows:

| | Consolidated financial statements | | Separate financial statements | |
|----------------------|--------------------------------------|------------|----------------------------------|------------|
| | 2019 | 2018 | 2019 | 2018 |
| Discount rate | 1.50 - 2.1 | 2.7 - 3.5 | 1.8 | 3.2 |
| Salary increase rate | 3.0 - 6.0 | 3.0 - 6.0 | 6.0 | 6.0 |
| Turnover rate | 1.9 - 45.8 | 1.9 - 45.8 | 2.9 - 34.3 | 2.9 - 34.4 |

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at December 31, 2019 and 2018 are summarized below.

| (Unit: Thousand Baht) | | | | | | | | |
|-----------------------|-------------------------------|-------|--------------|-------|-------------------------------|-------|--------------|-------|
| | Consolidated | | | | Separate | | | |
| | financial statements | | | | financial statements | | | |
| | Liability increase (decrease) | | | | Liability increase (decrease) | | | |
| | Increase 1% | | Decrease 1% | | Increase 1% | | Decrease 1% | |
| | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| Discount rate | (692) | (593) | 820 | 761 | (246) | (240) | 290 | 285 |
| Salary increase rate | 761 | 709 | (658) | (562) | 268 | 266 | (233) | (229) |
| | Increase 20% | | Decrease 20% | | Increase 20% | | Decrease 20% | |
| | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| Turnover rate | (680) | (590) | 830 | 788 | (227) | (234) | 271 | 287 |

On April 5, 2019, the Labor Protection Act (No. 7) B.E. 2562 had been announced in the Royal Gazette which will be effective after 30 days from the date announced in the Royal Gazette. This Labor Protection Act stipulates additional legal severance pay rates for employees who have worked for an uninterrupted period of 20 years or more. Such employees are entitled to receive compensation of not less than 400 days at the employees' latest wage rate. This change is considered an amendment to post-employment benefits plan. The Group reflected the effect of such change by recognizing past service cost as an expense for the year ended December 31, 2019 in the consolidated and separate statements of profit or loss and other comprehensive income in amount of Baht 0.15 million and Baht 0.40 million, respectively.

29.2 Provident Fund

The Company established a contributory Provident Fund and registered according to the Provident Fund Act, B.E. 2530 (1987) and Provident Fund Act (No.2), B.E. 2542 (1999). The contributions from the employees are deducted from their monthly salaries, and the Company matches the individuals' contributions.

For the years ended December 31, 2019 and 2018, the Company's contributions recorded as expense in the statements of profit or loss and other comprehensive income are as follows:

| | Consolidated | | Separate | |
|----------------------------------|----------------------|-------|----------------------|------|
| | financial statements | | financial statements | |
| | 2019 | 2018 | 2019 | 2018 |
| For the years ended December 31, | 1,786 | 1,486 | 563 | 424 |

30. SHARE CAPITAL AND WARRANTS

30.1 Issued and fully paid-up share capital

| | Number of shares (shares) | Amount (Baht) | Registration date with the Ministry of Commerce |
|--|------------------------------|------------------|---|
| Balance as at December 31, 2017 | 2,312,860,317 | 2,312,860,317 | |
| Increase from warrants exercised No. 1 | 61,782,235 | 61,782,235 | February 6, 2018 |
| Increase from warrants exercised No. 2 | 654,955,550 | 654,955,550 | February 28, 2018 |
| Balance as at December 31, 2018 | 3,029,598,102 | 3,029,598,102 | |
| Balance as at December 31, 2019 | 3,029,598,102 | 3,029,598,102 | |

30.2 Warrants

30.2.1 On December 11, 2014, an Extraordinary Meeting of the shareholders of the Company passed a resolution to issue 108,000,000 units of warrants No. 1 (7UP-W1) to the existing shareholders at an offering price of Baht 0 per unit. The exercise ratio is 1:1 and the exercise price is Baht 4 per ordinary share. The warrants have a life of 3 years and are exercisable on the last business day of each January throughout the life of the warrants, commencing from January 29, 2015.

30.2.2 On January 6, 2017, an Extraordinary Meeting of the shareholders of the Company passed a resolution to issue 379,599,900 units of warrants No. 2 (7UP-W2) to the existing shareholders at an offering price of Baht 0 per unit. The exercise ratio is 1:1 and the exercise price is Baht 1.25 per ordinary share. The warrants have a life of 2 years and are exercisable on the last business day of the last month of each quarter throughout the life of the warrants, commencing from June 30, 2017.

30.2.3 On April 25, 2017, an Annual General Meeting of the Company passed a resolution approving a resolution to issue 770,953,439 units of warrants No. 3 (7UP-W3) to the existing shareholders at an offering price of Baht 0 per unit. The exercise ratio 1:1 and the exercise price is Baht 0.5 per ordinary share. The warrants have a life of nine months and are exercisable on the last business day each month throughout the terms of the warrants, commencing from June 30, 2017.

Subsequently, on April 27, 2017, the Company adjusted the exercise price and exercise ratio of the 7UP-W1 and 7UP-W2 warrants as follows:

| Warrants | Exercise price | | Exercise ratio | |
|----------|------------------------|--------|------------------------------------|----------|
| | Old (Baht per unit) | New | Old (Warrants: ordinary shares) | New |
| 7UP-W1 | 4.00 | 3.7848 | 1:1 | 1:1.0568 |
| 7UP-W2 | 1.25 | 1.1827 | 1:1 | 1:1.0568 |

| Warrants | Exercise price (Baht per unit) | Exercise ratio (Warrants: ordinary shares) | Warrants issued (units) | Exercised or cancelled (units) | Warrants as at December 31, 2018 (units) |
|----------|-----------------------------------|--|-------------------------------|--------------------------------------|---|
| 7UP-W2 | 1.1827 | 1:1.0568 | 379,599,990 | (322,169,809) | 57,430,181 |

Warrants No. 1 (7UP-W1), No. 2 (7UP-W2) and No. 3 (7UP-W3) were delisted on January 16, 2018, February 23, 2019 and February 24, 2018, respectively.

- 30.3 Reduction, increase capital and the allocation newly issued shares to accommodate issuance of the warrants to purchase the Company's ordinary shares No.4 ("7UP-W4").

According to the Board of Directors' Meeting No. 4/2019 held on April 26, 2019 had approved to propose to the Extraordinary General Meeting of Shareholders No.1/2019 held on May 31, 2019 to consider and approve the reduction of the Company's registered capital and the increase of the Company's registered capital to accommodate issuance of the warrants to purchase the Company's ordinary shares No.4 ("7UP-W4"), the detail as follows:

30.3.1 Capital decrease

The Board of Directors' meeting had a resolution to propose to the Extraordinary General Meeting of Shareholders No.1/2019 held on May 31, 2019 to consider and approve the reduction of the Company's registered capital by Baht 243,296,181 from the existing registered capital of Baht 3,272,894,283 to Baht 3,029,598,102 by cancelling the unissued shares which were not allocated to accommodate the exercise of the warrants to purchase the Company's ordinary shares.

30.3.2 Capital increase

The Board of Directors' meeting had a resolution to propose to the Extraordinary General Meeting of Shareholders No.1/2019 held on May 31, 2019 to consider and approve the increase of the Company registered capital by Baht 605,919,620 from the existing registered capital of Baht 3,029,598,102 to Baht 3,635,517,722 by issuing 605,919,620 new ordinary shares at par Baht 1 per share to accommodate the exercise of the Warrants to Purchase the Company's Ordinary Shares No.4 ("7UP-W4") to allocate to existing shareholders follows the proportion of rights offering by 5 existing ordinary shares per 1 warrant in amount of Baht 0.05 per unit.

Exercise prices are as follows:

First exercise price is at Baht 0.50 per share

Second exercise price is at Baht 1.25 per share

Third exercise price is at Baht 2.25 per share

(Proportion of exercise equals to 1 warrant of 7UP-W4 : 1 ordinary share)

31. DEFICIT ON CHANGES IN PERCENTAGE OF SHAREHOLDING IN SUBSIDIARY

Deficit on changes in percentage of shareholding in a subsidiary was the result of the Company acquire an additional 10.84% of the shares of SAM Water Supply Co., Ltd. and dilute 20% of ownership in Energy Revolution Co., Ltd. The effect of change in ownership of subsidiary without change in control was presented as “Deficit on changes in percentage of shareholding in subsidiary” in the shareholder’s equity in the consolidated statement of financial position.

32. DEFICIT ON ISSUANCE OF SHARE CAPITAL AT PRICE HIGHER THAN FAIR VALUE

Differences between the fair value and offering price of the Company’s ordinary shares arose due to the acquisition of the investment in Star Gas Co., Ltd. and its subsidiaries and the issue and offering of additional shares through private placements with strategic investors, who are not only potential sources of investment, but also have experience, knowledge, and expertise in the LPG distribution business, and operation of LPG related businesses. The offer price was higher than the fair value of the Company’s ordinary shares at the date of the acquisition of the investment in the group of Star Gas Co., Ltd.

33. SURPLUS ON REVALUATION OF ASSETS

Surplus on revaluation of assets are surplus from revaluation of land, buildings and building improvements. The surplus is amortized to retained earnings on a straight-line basis over the remaining life of the related assets.

| | Consolidated | | (Unit: Thousand Baht) | |
|--|-----------------------------|----------------|------------------------------|----------------|
| | financial statements | | Separate | |
| | 2019 | 2018 | 2019 | 2018 |
| Balance as at beginning of year | 102,965 | 99,119 | 247,143 | 98,587 |
| Add: Revaluation surplus during the year | - | 6,135 | - | 150,813 |
| Less: Amortization | (2,566) | (2,268) | (2,485) | (2,256) |
| Less: Release to non-controlling interests | 28 | (21) | - | - |
| Balance as at end of year | <u>100,427</u> | <u>102,965</u> | <u>244,658</u> | <u>247,144</u> |

Surplus on revaluation of assets can neither be offset against deficit nor used for dividend payment.

34. OTHER INCOME

Other income for the years ended December 31, 2019 and 2018 are as follows:

| | Consolidated | | (Unit: Thousand Baht) | |
|--|-----------------------------|---------------|------------------------------|---------------|
| | financial statements | | Separate | |
| | 2019 | 2018 | financial statements | 2018 |
| Unrealized gain on fair value of investment properties | - | - | 1,480 | - |
| Government grant income | 21,469 | 750 | - | - |
| Gain on sale of assets | 18,000 | 11,513 | 2,901 | 187 |
| Income from sale of sketch planned | 7,477 | - | - | - |
| Management fee income | - | - | 24,960 | 32,352 |
| Interest income - related parties | - | - | 40,621 | 24,712 |
| Rental income and utilities | 16,226 | 11,099 | 14,380 | 10,827 |
| Other | 50,845 | 53,796 | 10,447 | 12,105 |
| | <u>114,017</u> | <u>77,158</u> | <u>94,789</u> | <u>80,183</u> |

35. EXPENSES BY NATURE

For the years ended December 31, 2019 and 2018, expense by nature consists of significant expenses are as follows:

| | Consolidated | | (Unit: Thousand Baht) | |
|--|-----------------------------|-------------|------------------------------|-------------|
| | financial statements | | Separate | |
| | 2019 | 2018 | financial statements | 2018 |
| Changes in finished goods | (12,884) | (15,203) | - | - |
| Purchase of inventories and other expenses | 676,191 | 431,866 | 1,739 | 1,556 |
| Employee expenses | 79,404 | 74,683 | 21,837 | 19,589 |
| Management expenses | 39,799 | 25,107 | 12,957 | 11,348 |
| Sale promotion expenses | 50,777 | 20,436 | - | - |
| Rental expenses and common service expenses | 36,561 | 32,347 | 1,623 | 1,105 |
| Depreciation and amortization | 82,642 | 89,829 | 7,527 | 12,787 |
| Doubtful debts | 16,207 | 51,284 | - | 103,903 |
| Gain on change in value of temporary investments in trading security (see Note 7) | (255) | (9,354) | (255) | (9,354) |
| Loss on impairment of investments in subsidiaries (reversal) | (3,500) | - | 9,500 | 151,859 |
| Professional fees | 24,228 | 16,718 | 10,985 | 9,532 |
| Loss on write-off of equipment | 2,901 | 20 | - | 12 |
| Reversal of loss on impairment of property, plant and equipment | - | (717) | - | - |
| Costs of feasibility study on energy projects | - | 9,883 | - | - |
| Provision for diminution in value of input tax and withholding tax refundable (reversal) | - | (567) | - | - |
| Loss on disposal of investment in subsidiary company | - | 12,702 | - | - |
| Loss on diminution in value of deposit for business due diligence (reversal) | (50,000) | 50,000 | - | - |
| Write-off deposit for business due diligence | 9,000 | 9,000 | 9,000 | 9,000 |
| Reversal of doubtful debts - short loan to related party | (62,600) | - | (62,600) | (32,647) |

36. INCOME TAX EXPENSES

Income tax expenses for the years ended December 31, 2019 and 2018 consists of the following:

| | Consolidated | | (Unit: Thousand Baht) | |
|--|-----------------------------|-------------|------------------------------|--------------|
| | financial statements | | Separate | |
| | 2019 | 2018 | 2019 | 2018 |
| Current income tax | | | | |
| Current corporate income tax charge for the year | 6,044 | 5,215 | - | - |
| Deferred tax | | | | |
| Deferred tax relating to origination and reversal of temporary differences | 2,548 | (4,383) | 1,981 | 1,985 |
| Income tax expenses reported in the statement of comprehensive income | 8,592 | 832 | 1,981 | 1,985 |

The amounts of income tax relating to each component of other comprehensive income for the years ended December 31, 2019 and 2018 are as follows:

| | Consolidated | | (Unit: Thousand Baht) | |
|--|-----------------------------|--------------|------------------------------|-----------------|
| | financial statements | | Separate | |
| | 2019 | 2018 | 2019 | 2018 |
| Deferred tax on relating to loss from revaluation of land, buildings and building improvements | 621 | (970) | 621 | (37,139) |
| Deferred tax relating to actuarial gain | 618 | 104 | 125 | - |
| Income tax expenses recognized in the other comprehensive income | 1,239 | (866) | 746 | (37,139) |

The reconciliation between accounting loss and income tax expenses are as follows:

| | Consolidated | | (Unit: Thousand Baht) | |
|--|-----------------------------|-------------|------------------------------|--------------|
| | financial statements | | Separate | |
| | 2019 | 2018 | 2019 | 2018 |
| Accounting gain (loss) before corporate income tax | 96,098 | (80,203) | 74,052 | (57,572) |
| Corporate income tax rate | exempt, 20% | exempt, 20% | 20% | 20% |
| Accounting gain (loss) before income tax multiplied by income tax rate | 19,220 | (16,041) | 14,810 | (11,514) |
| Tax effects for: | | | | |
| Promotional privileges | (1,467) | (87) | - | - |
| Utilization of tax loss carry forward | (38,072) | (4,345) | (17,720) | - |
| Non-deductible of tax expenses | 18,508 | 6,563 | 2,363 | 3,833 |
| Additional expense deductions allowed | 238 | (146) | - | - |
| Total | (20,793) | 1,985 | (15,357) | 3,833 |
| Deferred tax assets not recognized | 13,267 | 18,573 | 2,528 | 9,666 |
| Write-off deferred tax assets | - | - | - | - |
| Gain from bargain purchase of investment in subsidiary companies | (2,342) | (6,154) | - | - |
| Loss on disposal of investment in subsidiary companies | - | 2,540 | - | - |
| Share of profit from investment in associates companies | (760) | - | - | - |
| Share of profit from investment in joint venture | - | (71) | - | - |
| Income tax expenses reported in the statement of comprehensive income | 8,592 | 832 | 1,981 | 1,985 |

The components of deferred tax assets and deferred tax liabilities in the statement of financial position as at December 31, 2019 and 2018 were as follows:

| | Consolidated | | (Unit: Thousand Baht) | |
|--|----------------------|--------|-----------------------|--------|
| | financial statements | | Separate | |
| | 2019 | 2018 | financial statements | 2018 |
| | 2019 | 2018 | 2019 | 2018 |
| Deferred tax assets | | | | |
| Government grants | 1,447 | 1,447 | - | - |
| Provision for long-term employee benefits | 1,857 | 792 | - | - |
| Provision for investment in subsidiary companies | 200 | - | - | - |
| Finance lease agreement | 202 | - | - | - |
| Total | 3,706 | 2,239 | - | - |
| Deferred tax liability | | | | |
| Surplus on revaluation of assets | 86,075 | 83,407 | 62,913 | 61,786 |
| Building and building improvement which changed useful lives | 172 | 1,869 | 171 | 1,869 |
| Finance lease agreement | 2,046 | 116 | 2,046 | 116 |
| Provision for long-term employee benefits | (125) | - | (125) | - |
| Total | 88,168 | 85,392 | 65,005 | 63,771 |

Deferred tax assets and liabilities balance in statement of financial position were as follows:

| | (Unit: Thousand Baht) | | | |
|--------------------------|---------------------------------|----------|----------------------|----------|
| | Statement of financial position | | | |
| | Consolidated | | Separate | |
| | financial statements | | financial statements | |
| | 2019 | 2018 | 2019 | 2018 |
| Deferred tax assets | 3,706 | 2,239 | - | - |
| Deferred tax liabilities | (88,168) | (85,392) | (65,005) | (63,771) |
| Deferred tax net | (84,462) | (83,153) | (65,005) | (63,771) |

As at December 31, 2019, the Company and its subsidiary companies have deductible temporary differences and unused tax losses totalling Baht 233 million (2018: Baht 223 million) (Separate financial statements: Baht 135 million and (2018: Baht 179 million)), on which deferred tax assets have not been recognized as the Company and subsidiary companies believe that the future taxable profits may not be sufficient to allow utilisation of the temporary differences and unused tax losses.

Details of expiry date of unused tax losses and deductible temporary differences are summarized were as follows:

| | Consolidated | | (Unit: Million Baht) | |
|----------------------------------|----------------------|------|----------------------|------|
| | financial statements | | Separate | |
| | 2019 | 2018 | 2019 | 2018 |
| Unused tax losses | | | | |
| 31 December 2019 | - | 36 | - | 34 |
| 31 December 2020 | 54 | 54 | 29 | 29 |
| 31 December 2021 | 40 | 40 | 24 | 24 |
| 31 December 2022 | 22 | 22 | 15 | 15 |
| 31 December 2023 | 11 | 11 | 2 | 2 |
| 31 December 2024 | 18 | - | - | - |
| Deductible temporary differences | 88 | 60 | 65 | 75 |
| | 233 | 223 | 135 | 179 |

37. PROMOTIONAL PRIVILEGES

The subsidiaries has received promotional privileges under the Investment Promotion Act B.E. 2520 by the Board of Investment under certain significant conditions, significant outstanding privileges of the subsidiaries are as follows:

| | Phrasaeng Green Power Co., Ltd. | SAM Water Supply Co., Ltd. | | | | | | |
|--|---|---|---|---|--|---|---|--|
| 1. Certificate No. | 58-2136-1-00-1-0 | 62-0718-1-00-1-0 | 62-0719-1-00-1-0 | 62-0720-1-00-1-0 | 62-0721-1-00-1-0 | 62-0722-1-00-1-0 | 62-1441-1-00-1-0 | 62-1442-1-00-1-0 |
| 2. Promotional privileges for | Production of electricity from biogas | Production water for industry | Production water for industry | Production water for industry | Production water for industry | Production water for industry | Production water for industry | Production water for industry |
| 3. The significant privileges are | | | | | | | | |
| 3.1 Exemption of corporate income tax for net income from promotional privileges and exemption of income tax on dividends paid from the income of the operations throughout the period in which the corporate income tax is exempted. In case that there are losses incurred during the corporate income tax exemption period, the subsidiary is allowed to utilize the losses as a deduction against the net income of future years after the expiry of the tax exemption period, but with a time limit of five years after that period. | 8 years Expired June 25, 2020 | 5 years Expired April 4, 2024 | 5 years Expired June 13, 2024 | 5 years Expired June 13, 2024 | 5 years Expired April 30, 2024 | 5 years Expired March 8, 2024 | 5 years Expired January 9, 2025 | 5 years Expired October 31, 2024 |
| 3.2 Exemption from income tax on dividends paid from the income of the promoted operations for which corporate income tax is exempted, throughout the corporate income tax exemption. | Granted | Granted | Granted | Granted | Granted | Granted | Granted | Granted |
| 4. Date of first earning operating income | July 6, 2015 | April 9, 2019 | April 9, 2019 | April 9, 2019 | April 9, 2019 | April 9, 2019 | December 3, 2019 | December 3, 2019 |

All income of the subsidiaries were income from local promoted operations.

38. BASIC EARNINGS (LOSS) PER SHARE

Basic earnings (loss) per share is calculated by dividing profit (loss) for the year attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year.

For the years ended December 31, the Company calculated basic earnings (loss) per share as follows:

| | (Unit: Thousand Baht) | | | |
|---|--------------------------------------|------------------|----------------------------------|------------------|
| | Consolidated financial statements | | Separate financial statements | |
| | 2019 | 2018 | 2019 | 2018 |
| Basic earnings (loss) per share | | | | |
| Profit (loss) attributable to ordinary shareholders of the Company | | | | |
| Number of weighted average ordinary shares outstanding (Share) | 86,613 | (79,529) | 72,070 | (59,556) |
| | <u>3,029,598</u> | <u>2,882,303</u> | <u>3,029,598</u> | <u>2,882,303</u> |
| Basic earnings (loss) per share (Baht/share) | <u>0.029</u> | <u>(0.027)</u> | <u>0.024</u> | <u>(0.020)</u> |

The exercise price of warrants as mentioned in note 30.3.2 are higher than the average market price during the year. Therefore, there is no diluted earnings per share.

Basic loss per share is calculated by dividing loss for the year attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year.

Diluted loss per share is calculated by dividing loss for the year attributable to equity holders of the Company (excluding other comprehensive income) by the total sum of the weighted average number of ordinary shares in issue during the year and the weighted average number of ordinary shares which would need to be issued to convert all dilutive potential ordinary shares into ordinary shares. The calculation assumes that the conversion took place either at the beginning of the year or on the date the potential ordinary shares were issued according to the portion of warrant exercise.

As at December 31, 2019, the warrants were excluded from the potential ordinary shares since their exercise price was in excess of the fair value of the ordinary shares (2018: the warrants were excluded from the potential ordinary shares due to their antidilutive effect on loss per share).

39. SEGMENT FINANCIAL INFORMATION AND DISAGGREGATION OF REVENUE

For the years ended December 31, 2019 and 2018, the Group has 4 reportable segments consist of LPG and oil service stations business and LPG Transportation, oil and non-oil business, and business development relating to energy of future energy business and Distribution, development and service rendered of Trunked radio and Internet of Things (IoT) business and utilities segment. Significant segment of the Group are different of each segment. The Group have separate management and different, technology and marketing strategy.

Geographical segments

The Group is managed and operates principally in Thailand. There are no material revenues derived from, or assets located in foreign countries.

Major customer

For the years ended December 31, 2019 and 2018, there are no major customer.

Operating segment information is reported in a manner consistent with the internal reports that are regularly reviewed by the chief operating decision maker in order to make decisions about the allocation of resources to the segment and assess its performance.

For management purposes, the Company and its subsidiaries are organized into business units based on its products and services and have four reportable segments as follows:

- 1) LPG and oil retail and wholesale business segment: LPG and oil gas station business, LPG transportation, NGV gas station business and operation of oil and non-oil business
- 2) Renewable energy segment: Development of replacement energy, alternative energy and renewable energy projects
- 3) Trunked radio and Internet of Things (IoT) segment
- 4) Utilities segment

The chief operating decision maker monitors the operating results of the business units separately for the purpose of making decisions about resource allocation and assessing performance. Segment performance is measured based on operating profit or loss and total assets and on a basis consistent with that used to measure operating profit or loss and total assets in the financial statements.

The basis of accounting for any transactions between reportable segments is consistent with that for third party transactions.

The details of segments information and disaggregation of revenue for the years ended December 31, 2019 and 2018 are as follows:

(Unit: Million Baht)

| Consolidated statement of profit or loss and other comprehensive income | | | | | | | | | |
|---|---|------------|---|-----------|---|-----------|-----------|----------|-----------------------|
| For the years ended December 31, | | | | | | | | | |
| | Operation of LPG and oil service station and LPG transportation | | Operation of investment business, and business development relating to energy of future energy business | | Distribution, development and service rendered of Trunked radio and Internet of Things (IoT) business | | Utilities | | Total |
| | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 2018 |
| Revenues from sales - a point of time | 756 | 429 | 23 | 75 | 107 | 82 | - | - | 886 586 |
| Revenues from rendering services - overtime | 73 | 95 | 11 | - | 28 | 2 | 28 | - | 140 97 |
| Cost of sales | (640) | (320) | (19) | (53) | (90) | (62) | - | - | (749) (435) |
| Cost of rendering services | (52) | (60) | (9) | - | (17) | (1) | (10) | - | (88) (61) |
| Gross profit | <u>137</u> | <u>144</u> | <u>6</u> | <u>22</u> | <u>28</u> | <u>21</u> | <u>18</u> | <u>-</u> | <u>189 187</u> |
| Other income | | | | | | | | | 307 108 |
| Selling expense | | | | | | | | | (32) (31) |
| Administrative expense | | | | | | | | | (356) (330) |
| Finance costs | | | | | | | | | (15) (15) |
| Profit before income tax revenue (expense) | | | | | | | | | <u>93 (81)</u> |
| Income tax expense | | | | | | | | | (9) (1) |
| Share of profits from associates company | | | | | | | | | <u>4 -</u> |
| Non-controlling interest | | | | | | | | | <u>(1) 2</u> |
| Profit (loss) for the years | | | | | | | | | <u><u>87 (80)</u></u> |

40. COMMITMENTS AND CONTINGENT LIABILITIES

The Company and its subsidiaries have commitments and contingent liabilities other than those disclosed in other notes to financial statements as follows:

40.1 Long-term operating lease commitments

The Company and its subsidiaries have entered into several lease agreements in respect of the lease of land, office building space and equipment. The terms of the agreements are generally between 1 to 30 years.

The Company and its subsidiaries future minimum lease payments required under these operating leases contracts as at December 31, 2019 and 2018, were as follows:

| | Consolidated | | Separate | |
|-----------------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| | financial statements | financial statements | financial statements | financial statements |
| | 2019 | 2018 | 2019 | 2018 |
| Payable: | | | | |
| Within 1 year | 27 | 24 | 1 | 1 |
| Over 1 but not later than 5 years | 120 | 117 | - | 1 |
| Over 5 years | 234 | 265 | 1 | - |

40.2 Service commitments

The Company and its subsidiaries have entered into service agreements. The terms of the agreements are generally between 1 to 5 years.

The Company and its subsidiaries future minimum lease payments required under these operating leases contracts as at December 31, 2019 and 2018, were as follows:

| | Consolidated | | Separate | |
|-----------------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| | financial statements | financial statements | financial statements | financial statements |
| | 2019 | 2018 | 2019 | 2018 |
| Payable: | | | | |
| Within 1 year | 1 | 1 | 1 | 1 |
| Over 1 but not later than 5 years | 1 | 1 | - | 1 |
| Over 5 years | - | 1 | - | - |

40.3 Guarantees

40.3.1 Bank guarantees

As at December 31, 2019 and 2018, the Company and its subsidiaries had bank guarantees issued by banks on behalf of the Company and subsidiaries, as follows:

| | Consolidated financial statements | | (Unit: Million Baht) Separate financial statements | |
|---|--------------------------------------|-----------|--|-----------|
| | 2019 | 2018 | 2019 | 2018 |
| Performance guarantees | 23 | 5 | 23 | 5 |
| Guarantee electricity use and others | 1 | 9 | 1 | 9 |
| | <u>24</u> | <u>14</u> | <u>24</u> | <u>14</u> |

40.3.2 Related parties guarantees

As at December 31, 2019 and 2018, the Company and the Group's directors have an obligation as a guarantor of credit facilities of SAM Water Supply Co., Ltd., Phrasaeng Green Power Co., Ltd. and Star Gas Co., Ltd., the subsidiary companies, amounting to Baht 351 million.

Generally, these guarantees are effective for guarantor as long as the underlying obligations have not been discharged by the guaranteed party.

40.4 Other commitments

40.4.1 On January 1, 2016, Phrasaeng Green Power Co., Ltd., a subsidiary, entered into a control and maintenance agreement with respect to electricity generation from biogas with a related company to maintain the biogas generator system, gas delivery equipment and the dynamos and to recruit personnel to monitor and maintain such system, at a total cost of Baht 33 million. The agreement requires the subsidiary to pay monthly control and maintenance wages at the rates specified in the agreement, which is effective from January 1, 2016 to December 31, 2020. The agreement is renewable according to the period of power purchase agreement and the wage rates will be agreed every 5 years.

40.4.2 Phrasaeng Green Power Co., Ltd., a subsidiary, entered into agreements granting them financial support from the energy conservation fund under the Energy Policy and Planning Office's biogas technology support project for industrial plants, amounting to Baht 15 million. The subsidiary companies have commitments to comply with terms under the agreements. The full amounts of these grants has already been received in 2015.

- 40.4.3 Phrasaeng Green Power Co., Ltd., entered into a control and maintenance agreement with respect to electricity generation from biogas with a related company to maintain the biogas generator system, gas delivery equipment and the dynamos and to recruit personnel to monitor and maintain such system. Future minimum payments required under this agreement was as follows:

| | (Unit : Million Baht) | |
|--|-------------------------------|-------------------------------|
| | As at December 31, 2019 | As at December 31, 2018 |
| Payable: | | |
| Within 1 year | 4 | 4 |
| Over 1 year but not later than 5 years | 11 | 15 |
| Total | 15 | 19 |

Under the conditions stipulated in the agreement, the subsidiary was required to pay monthly control and maintenance wages at specified rates, which were effective from January 1, 2016 to December 31, 2020. However, on April 1, 2018, the subsidiary company entered into a new agreement and cancelled the former agreement, which is effective from April 1, 2018 to March 31, 2023 and is renewable according to the term of power purchase agreement, with wage rates to be agreed to renew every 5 years.

- 40.4.4 Phrasaeng Green Power Co., Ltd., a subsidiary has commitments under sale and purchase of waste water agreements with a related company, whereby it is to purchase an average quantity of 14,100 cubic meters per month. The counterparty agrees to set the price for waste water as follows:

| Year | Price per cubic meter (Baht) |
|-------------|------------------------------|
| 2016 - 2022 | 5 |
| 2023 - 2030 | 10 |

The agreements have terms of 15 years and can be extended for periods of 10 years at a time.

- 40.4.5 Phrasaeng Green Power Co., Ltd., a subsidiary entered into agreements to receive financial support from the energy conservation fund under the Energy Policy and Planning Office's biogas technology support project for its industrial plants, amounting to Baht 15 million. The subsidiary companies have commitments to comply with terms under the agreements. The full amounts of these grants have already been received.

41. SIGNIFICANT CONTRACTS

- 41.1 On March 14, 2019, Pracharat Biomas Mae Lan Co., Ltd. and Pracharat Biomas Bunnang Sata Co., Ltd., entered into a purchases of power at 3 megawatt agreement with Provincial Electricity Authority which have been the Companies' subsidiaries since June 26, 2019 (see Note 4.3).

On November 8, 2019, Pracharat Biomas Mae Lan Co., Ltd. and Pracharat Biomas Bunnang Sata Co., Ltd., entered into power plant construction agreements with a company. According to each agreement of each company, construction price per agreement is Baht 249 million.

- 41.2 On June 1, 2018, Sam Water Supply Co., Ltd , a subsidiary, has entered into a waste water management by ultrafiltration and ozone system for shrimp farm service agreement with Charoen Pokphand Foods PCL, totaling of 5 agreements to provide the services regarding water management, procurement and installation of water quality improvement systems. Subsequently, on May 1, 2019, such a subsidiary has entered into additional 2 service agreements with same company. According to the conditions of the agreements, the service provider shall receive a monthly fee for 5 years, after the system tested, unless being early terminated.

42. FAIR VALUE HIERARCHY

Some financial assets of the Group has fair value measurement in the statement of financial position at the end of reporting period.

Fair value measurement in financial assets were as table below.

| | Consolidated financial statements | | | | | | (Unit: Million Baht) | |
|---|-----------------------------------|------|---------|------|---------|------|----------------------|------|
| | Level 1 | | Level 2 | | Level 3 | | Total | |
| | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| Assets measured at fair value | | | | | | | | |
| Held for trade investments | | | | | | | | |
| Equity instruments | 7 | 9 | - | - | - | - | 7 | 9 |
| Other long-term investment | - | - | - | - | 139 | 25 | 139 | 25 |
| Land and land improvements | 173 | 129 | - | - | - | - | 173 | 129 |
| Buildings and building improvements | - | - | 205 | 210 | - | - | 205 | 210 |
| Rights under electricity purchase and sale agreements from business combination | - | - | - | - | 76 | 80 | 76 | 80 |
| Rights and benefits under land lease agreements from business combination | - | - | 56 | 61 | - | - | 56 | 61 |
| Rights under gas station management agreements from business combination | - | - | - | - | 72 | 76 | 72 | 76 |

(Unit: Million Baht)

| | Separate financial statements | | | | | | | |
|--------------------------------------|-------------------------------|------|---------|------|---------|------|-------|------|
| | Level 1 | | Level 2 | | Level 3 | | Total | |
| | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| Assets measured at fair value | | | | | | | | |
| Held for trade investments | | | | | | | | |
| Equity instruments | 7 | 9 | - | - | - | - | 7 | 9 |
| Investment properties | - | - | - | - | 212 | 203 | 212 | 203 |
| Land | 112 | 112 | - | - | - | - | 112 | 112 |
| Buildings and building improvements | - | - | 80 | 79 | - | - | 80 | 79 |

43. FINANCIAL INSTRUMENTS

43.1 Financial risk management policy

The Company's and its subsidiaries' financial instruments, as defined under Thai Accounting Standard No. 107 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, trade and other receivables, loans, investments; and short-term and long-term loans. The financial risks associated with these financial instruments and how they are managed are described below.

Credit risk

The Company and its subsidiaries are exposed to credit risk primarily with respect to trade and other receivables and loans. The Company and its subsidiaries manage the risk by adopting appropriate credit control policies and procedures and therefore do not expect to incur material financial losses. In addition, the Company and its subsidiaries do not have high concentration of credit risk since they have a large customer base. The maximum exposure to credit risk is limited to the carrying amounts of trade and other receivables and loans as stated in the statement of financial position.

Interest rate risk

The Company's and its subsidiaries' exposure to interest rate risk relates primarily to their cash at banks, bank overdrafts, short-term and long-term borrowings. Most of the Company and its subsidiaries' financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate.

Significant financial assets and liabilities classified by type of interest rates are summarized in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date as follows:

(Unit: Million Baht)

| | Consolidated financial statements | | | | | | | | | | | |
|--|-----------------------------------|------|-----------|------|---------------|------|----------------------|------|-------|------|-------------------------|---------------|
| | Fixed interest rates | | | | Floating | | Non-interest bearing | | Total | | Effective interest rate | |
| | Within 1 year | | 1-5 years | | interest rate | | | | | | (% per annum) | |
| | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| Financial assets | | | | | | | | | | | | |
| Cash and cash equivalents | 1 | 1 | - | - | 100 | 116 | 11 | 33 | 112 | 150 | 0.1 - 0.4 | 0.1 - 0.4 |
| Temporary investments | - | - | - | - | - | - | 7 | 9 | 7 | 9 | - | - |
| Trade and other receivables | - | - | - | - | - | - | 354 | 164 | 354 | 164 | - | - |
| Short-term loans | 9 | 59 | - | - | - | - | 12 | 12 | 21 | 71 | 0 - 6.8 | 0 - 7.3 |
| Restricted bank deposits | - | - | - | - | 76 | 73 | - | - | 76 | 73 | 0.1 - 0.9 | 0.1 - 0.4 |
| Receivable from finance lease | - | - | - | - | - | - | 143 | - | 143 | - | - | - |
| Long-term loans | - | - | - | - | - | - | 8 | 19 | 8 | 19 | - | - |
| Other long-term loans investment | - | - | - | - | - | - | 25 | 25 | 25 | 25 | - | - |
| | 10 | 60 | - | - | 176 | 189 | 560 | 262 | 746 | 511 | | |
| Financial liabilities | | | | | | | | | | | | |
| Short-term loans from financial institutions | 110 | 128 | - | - | - | - | - | - | 110 | 128 | 4.7 - 6.2 | 5.1 - 6.8 |
| Bank overdrafts | - | - | - | - | - | 2 | - | - | - | 2 | - | MLR-0.5% |
| Trade and other payables | - | - | - | - | - | - | 215 | 149 | 215 | 149 | - | - |
| Short-term loans | - | - | - | - | - | - | 69 | 22 | 69 | 22 | 0 - 6.8 | 0 - 7.5 |
| Long-term loans from financial institutions | 50 | 23 | 70 | 23 | 39 | 102 | - | - | 159 | 148 | 3.6 to MLR-1% | 3.6 to MLR-1% |
| Liabilities under finance lease agreements | 2 | 2 | 8 | 8 | - | - | - | - | 10 | 10 | 4.8 - 7.9 | 4.8 - 7.9 |
| | 162 | 153 | 78 | 31 | 39 | 104 | 284 | 171 | 563 | 459 | | |

(Unit: Million Baht)

Separate financial statements

| | Fixed interest rates | | | | Floating | | Non-interest bearing | | Total | | Effective interest rate | |
|--|----------------------|------|-----------|------|---------------|------|----------------------|------|-------|------|-------------------------|-----------|
| | Within 1 year | | 1-5 years | | interest rate | | | | | | (% per annum) | |
| | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| Financial assets | | | | | | | | | | | | |
| Cash and cash equivalents | - | - | - | - | 7 | 3 | - | - | 7 | 3 | 0.1 - 0.4 | 0.1 - 0.4 |
| Temporary investments | - | - | - | - | - | - | 7 | 9 | 7 | 9 | - | - |
| Trade and other receivables | - | - | - | - | - | - | 76 | 63 | 76 | 63 | - | - |
| Short-term loans | 684 | 500 | - | - | - | - | 12 | 12 | 696 | 512 | 0 - 6.8 | 0 - 7.5 |
| Long-term loans | - | - | - | - | - | - | 8 | 19 | 8 | 19 | - | - |
| | 684 | 500 | - | - | 7 | 3 | 103 | 103 | 794 | 606 | | |
| Financial liabilities | | | | | | | | | | | | |
| Short-term loans from financial institutions | 70 | 68 | - | - | - | - | - | - | 70 | 68 | 6.3 | 6.8 |
| Bank overdrafts | - | - | - | - | - | - | - | - | - | - | - | - |
| Trade and other payables | - | - | - | - | - | - | 74 | 60 | 74 | 60 | - | - |
| Short-term loans from related parties | 89 | 75 | - | - | - | - | - | - | 89 | 75 | 6.8 | 7.3 |
| Liabilities under finance lease agreements | 2 | 2 | 7 | 7 | - | - | - | - | 9 | 9 | 5.2 - 7.9 | 5.2 - 7.9 |
| | 161 | 145 | 7 | 7 | - | - | 74 | 60 | 242 | 212 | | |

Foreign currency risk

The Company's exposure to foreign currency risk arise mainly from loan that are denominated in foreign currencies.

The Company has financial assets denominated in foreign currency are as follow:

| Foreign currency | Consolidated financial statements/Separate financial statements | | Exchange rate as at 31 December | |
|-------------------------|---|------|------------------------------------|-------|
| | 2019 | 2018 | 2019 | 2018 |
| | (Million) | | (Baht per 1 foreign currency unit) | |
| Financial assets | | | | |
| US dollar | - | 0.2 | - | 32.28 |

43.2 Fair values of financial instruments

Since the majority of the Company and its subsidiaries' financial instruments are short-term in nature or bear floating interest rate, their fair value is not expected to be materially different from the amounts presented in statement of financial position.

44. CAPITAL MANAGEMENT

The primary objective of the Company's capital management is to ensure that it has appropriate capital structure in order to support its business and maximise shareholder value. As at December 31, 2019, the Group's debt-to-equity ratio was 0.42:1 (2018: 0.41:1) and the Company's was 0.18:1 (2018: 0.17:1).

45. EVENTS AFTER THE REPORTING PERIOD

On February 7, 2020, the Extraordinary Meeting of shareholders No. 1/2020 of Beyond Healthcare Company Limited had approved to change the formerly name of Beyond Healthcare Company Limited to be Energy for Society Company Limited and edited the Company's affidavit from beauty and health care business to be the import and export solar power system. Such company registered the change of company information and amend the memorandum of association with the Department of Business Development, Ministry of Commerce has been completed on February 14, 2020.

46. APPROVAL OF FINANCIAL STATEMENTS

These financial statements have been approved by the Board of Directors of the Company for issuing on March 2, 2020.