



รายงานประจำปี
2561
ANNUAL REPORT 2018



เครือข่ายพัฒนา
เพื่อสังคม
ประชาธิปไตยร่วมใจ

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วิสัยทัศน์ / VISION

เราจะเป็นผู้นำในกลุ่มผู้ผลิตพลังงานขนาดเล็ก และธุรกิจที่เกี่ยวข้อง โดยการพัฒนางานอย่างต่อเนื่องและยั่งยืน เพื่อสร้างความพึงพอใจสูงสุดแก่ผู้มีส่วนได้ส่วนเสีย

We will be a leading producer of small power and related businesses with the continuous and sustainable developments to the satisfaction of stakeholders.

พันธกิจ

- ผลิตและจำหน่ายพลังงานที่มีคุณภาพสูง และมั่นคง เพื่อตอบสนองความต้องการและสร้างความพึงพอใจสูงสุดให้แก่ลูกค้า
- พัฒนารัฐกิจอย่างต่อเนื่องเพื่อเพิ่มศักยภาพขององค์กร
- บริหารงานภายใต้ระบบธรรมาภิบาลด้วยความรับผิดชอบ ต่อสังคม คู่ค้า และพนักงาน
- ดำเนินงานอย่างมีประสิทธิภาพ และประสิทธิผล โดยคำนึงถึงความปลอดภัย อาชีวอนามัย และสิ่งแวดล้อม



P

Positive Thinking

ทัศนคติบวก

I

Initiative

ความคิดริเริ่มสร้างสรรค์

T

Teamwork

การทำงานเป็นทีม

E

Entrepreneurship

ความรู้สึกเป็นผู้ประกอบการ

P

Proactive

การทำงานเชิงรุก

[ค่านิยม / CORE VALUE]

MISSION

- To produce and distribute high quality and reliable energy to meet the requirements and satisfaction of customers
- To enhance capability and potentiality by continually development
- To earnestly respond to social, partners, and employees by management in compliance with the good governance
- To efficiently and effectively operate with the awareness of safety, occupational health and environment

คณะกรรมการ | THE BOARD OF DIRECTORS



นายสุจริต ปัจฉิมนันท์

Mr. Sujarit Patchimnun

ประธานกรรมการ
Chairman



พลเรือเอก อนูชิต เกกะนันท์

Admiral Anuchit Bekanan

ประธานที่ปรึกษาคณะกรรมการ
Chairman of Advisory Committee



นายบุญเกียรติ โชควัฒนา

Mr. Boonkiet Chokwatana

กรรมการ
Director



นายวิโรจน์ ธีรวัฒน์วาทิ

Mr. Viroj Theeravatvate

กรรมการผู้จัดการและกรรมการบริหาร
Managing Director and Executive Committee



นายอัศกร กลั่นความดี

Mr. Atthakorn Glankwamdee

กรรมการและกรรมการบริหาร
Director and Executive Committee



นายสุเทพ ด่านศิริวิโรจน์

Mr. Suthep Dansiriviroj

กรรมการและกรรมการบริหาร
Director and Executive Committee



นายบุญฤทธิ์ มหามนตรี

Mr. Boonyarith Mahamontri

กรรมการอิสระ
Independent Director



พลเรือเอก อภิวัฒน์ ศรีวรรณะ

Admiral Apiwat Srivardhana

กรรมการอิสระ
Independent Director



นายธีระศักดิ์ วิภิตเศษฐ

Mr. Thirasak Vikitset

กรรมการและประธานกรรมการบริหาร
Director and Chairman of
Executive Committee



นายพนพร พงษ์เวช

Mr. Nophorn Bhongsvej

กรรมการอิสระและประธานกรรมการตรวจสอบ
Independent Director and Chairman
of Audit Committee



นายสนทยา ทับขันต์

Mr. Sontaya Tabkhan

กรรมการและกรรมการบริหาร
Director and Executive Committee



นายวิชัย กุลสมภพ

Mr. Vichai Kulsomphob

กรรมการ
Director



พลตำรวจเอก สมชาย ประภัสภักดี

Pol. Gen. Somchai Prabhasabhakdi

กรรมการอิสระและกรรมการตรวจสอบ
Independent Director and Audit Committee



นายอมร อัสวานนท์

Mr. Amorn Asvanunt

กรรมการอิสระและกรรมการตรวจสอบ
Independent Director and Audit Committee



Message from the Chairman of the Board

In 2018, the Company operating performance has been affected mainly from the surge in price of the natural gas. The rising cost of natural gas was higher than the electricity price controlled by the government; that was the factor consequently trimmed down the company profit. The company has been trying to reduce cost and expenses to minimize the negative effects and thriving for the strategic moves that support long term electricity generation plan (PDP). The action taken in July was investing in a company in solar energy business.

The company total revenue for the year is 4,208 million baht. The company net profit is 225 million baht which is lower than the previous year. The company has been complying with the corporate governance policy, the risk management, and also the social responsibilities. The company supports the revenue distribution to the local communities through several corporate social responsibilities projects (CSR). The examples of our projects are the bamboo planting project aiming to create sustainable revenue for local communities and the production of charcoal made from bamboo “LAMBOOCHAR”. The company has been successfully selected as a sustainable company within the Stock Exchange of Thailand’s Thailand Sustainability Investment (THIS) Index for 2018.

The company supports and promotes the actions based on corporate governance policy. The company is one of the certified members of the Thailand’s Private Sector Collective Action Coalition Against Corruption: CAC. The corporate governance report appraisal has been verified as “very good” for several consecutive years.

I, as the Chairman of Board of Directors, would like to thank you all employees, shareholders and all stakeholders for supporting the company. We, the company, will be continuously improving our businesses as well as complying with the corporate governance policy and social responsibilities to create the sustainable growth. Furthermore, our mission will always include value creation to local communities, society and environment.

Mr. Sujarit Patchimnan
Chairman

Report of the Audit Committee

The audit committee comprises of :

1. Mr. Nophorn Bhongsvej
2. Pol. Gen. Somchai Prabhasabhakdi
3. Mr. Amorn Asavanunt

All members of the committee are independent directors. The audit committee is governed by a charter that was revised in May 2018.


The internal audit in 2018 was conducted by the Dharmniti Internal Audit Co.,Ltd. in accordance with the prior approved plan. The audit plan covers all aspects of the operation at Sriracha and subsidiary companies in Lamphun and Kamphaengphet. Quarterly review of the internal audit results was discussed with management and reported to the Board of Directors. The internal control is rated consistently at the above acceptable level with deficiencies promptly raised with management and remedial action taken. Similar reviews were also conducted with the independent auditor with and without management presence to discuss the acceptability of the consolidated financial statements and the clarity of the disclosures. Management works closely with the independent auditor on new accounting principles and procedures to ensure full compliance in the financial reporting.

Related transactions were reviewed and found to be normal business transactions and beneficial to the company. These were reported to and approved by the Board of Directors in accordance with the regulations and announcements of the SET and SEC.

Our open discussions with the internal auditor and the independent auditor affirm the management's conscious awareness of the operating risks with adequate internal control rigorously enforced. The internal control and strict adherence to good corporate governance will continue to foster the long term sustainability of the operation.

As a founding member of the Coalition against Corruption, full compliance to regulations was noted in the conduct of business with all business partners.

The audit committee also reviewed the independence, capabilities and global reach of the auditor EY and recommends its reappointment to be proposed to the shareholders for reelection at the annual general meeting of shareholders.



Mr. Nophorn Bhongsvej
Chair of the Audit Committee



Report of the Corporate Governance and Risk Management Committee

The Corporate Governance and the Risk Management Committee consists of 8 members. The Committee is appointed by the Board of Directors to implement the management under the corporate governance compliance and risk management. These 2 areas of focus will promote the investors and stakeholders' trust and corporate sustainability.

In 2018, the Corporate Governance and Risk Management Committee held 4 meeting. The details of the consideration are summarized below.

1. **Governance:** The committee reviewed and adjusted the updated corporate governance policies, code of conduct, the managements and employees' ethics which are suitable for the current business circumstances. The propose of revision is ensured to be complied with laws, international practices, the Stock Exchange of Thailand and also the Securities and Exchange Commission's rules and regulations. The proposed of revision has been approved by the Board of Directors.
2. **Risk Management:** The committee set and reviewed the company's risk management framework and risk management procedures based on the Charter of the Corporate Governance and Risk Management Committee. The committee continuously promoted and supported risk management activities at all levels of organization. The goal of implementation is complying with the international standards and promoting risk concern as the company's culture.
3. **Anti-Corruption:** The committee has the authorities to ensure the directors, managements, employees of the company and subsidiaries compliance with Thailand's Private Sector Collective Action Coalition Against Corruption: CAC. The committee considered and endorsed the guideline, online training, and complaints submission. The internal and external activities are widely promoted; for example, "Kon Thai Tuen Roo Suu Gong" (Thai people awareness of corruption)

The Corporate Governance and Risk Management Committee has a strong belief the Company has been complying with the good corporate governance policy and also has the optimal level of risk management. The company has received corporate governance appraisal at "good level". The committee strives for the continuous improvement for the sustainable growth.



Mr. Suthep Dansiriviroj

Chairman of the Corporate Governance and Risk Management Committee

Report of the Nomination and Remuneration Committee

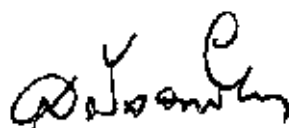
Sahacogen (Chonburi) Public Company Limited has appointed the Nomination and Remuneration Committee consisting of four members;

- | | | | |
|-----|--------------|------------|---|
| 1.) | Mr. Sujarit | Patchimnun | Chairman of the Nomination and Remuneration Committee |
| 2.) | Mr. Boonkiet | Chokwatana | Nomination and Remuneration Committee |
| 3.) | Mr. Thirasak | Vikitset | Nomination and Remuneration Committee |
| 4.) | Mr. Nophorn | Bhongsvej | Nomination and Remuneration Committee |

The Nomination and Remuneration Committee has accomplished the duties as assigned by the Board of Directors which are stipulated in the Charter of the committee. The duties are to select suitable candidates with proper qualifications, knowledge and expertise in various professions, to serve as company directors and senior executives. In addition, it is to define remuneration to the company directors, subcommittees, affiliates and senior executives at the appropriate level as well as create incentive for efficiency at work and retain knowledgeable and capable persons to work for the company and propose to the Board of Directors' Meeting.

The Nomination and Remuneration Committee has stipulated the criteria and approaches for nominating in line with the Charter and related regulations by considering basic qualifications and qualities that meet the demand of the vacancy. Furthermore, the nominated persons must qualify with leadership, vision, morality, ethics, and transparent work experience as well as no characteristics as forbidden by laws and the Articles of Association of the company. The company has provided opportunity for minor shareholders to participate in nominating candidates to be appointed as company directors prior to the Annual General Meeting of Shareholders. In 2018, none of the shareholders nominated any candidates to be considered as company directors.

In 2018, the Nomination and Remuneration Committee held 2 meetings to accomplish the duties as assigned. In addition, the Charter is reviewed annually. The Committee has performed its duties as assigned discreetly and reasonably. The Nomination and Remuneration Committee has disclosed the remuneration of the directors and executives on the annual report and the Form 56-1 as transparently for audit.



Mr. Sujarit Patchimnun

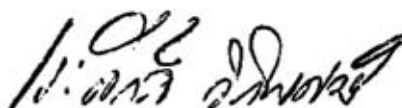
Chairman of the Nomination and Remuneration Committee

Report of the Executive Committee

Sahacogen (Chonburi) Public Co., Ltd. (The Company)'s Board of Directors appoints the executive committee to act on the company issues. The executive committee has the power to act on behalf of the full board based on the scope stated on the Charter of the Executive Committee.

In 2018, the executive committee held 9 meetings. The details of activities under the executive committee's consideration are summarized below.

1. To propose, the annual target, business strategies and action plans. The Executive Committee also has responsibilities to manage and implement various business activities in accordance with the agreed policies, strategic directions and corporate objectives by monitoring the operations of the company, working closely with each department and giving suggestions to improve their efficiency.
2. To approve the annual investments budget. This investment budget is mainly for developing and expanding the company's business operation including the production technology and information technology. The scope of investment would also include the cost of searching and developing human resources to be capable for long term growth and business competition.
3. To ensure that the financial reports are well-prepared and ready to be reviewed or audited by the external Auditor. The financial reports must be proposed to the Audit Committee and the Board of Directors respectively.
4. To review and consider, with all due care, any proposed connected transactions and proposed acquisitions or dispositions of any assets of the Company. The Executive Committee must be ensured that transactions will be preceded in a reasonable manner, at the appropriate prices, and under the most appropriate terms and conditions. The transactions must be on the best interests of the company and its Shareholders. The Executive Committee members having interests are not allowed to participate in deciding on such matters. Thereafter, the significant transactions will be proposed to the Audit Committee and the Board of Directors.
5. To support and promote product and process development initiation. Quality assurance and organization certification by the notable authorities must also be in the consideration.
6. To review the existing Charter for the Executive Committee and the disbursement approval guideline in order to make sure they are clear and practical based on the current situation or business environment. Approved the anti-corruption policy as the guideline for executives and employees to work with transparency and fairness.
7. To review and adjust the Delegated Authority Manual (The Executive Committee's Charter) and propose to the Board of Directors for approval.



Mr. Thirasak Vikitset
Chairman of the Executive Committee

Financial Overview

| CONSOLIDATED | 2018 | 2017 | 2016 |
|--|-------|-------|-------|
| Financial Position and Operating Results (Million Baht) | | | |
| Total Asset | 6,982 | 7,159 | 6,831 |
| Total Liabilities | 4,296 | 4,544 | 4,386 |
| Shareholders' Equity | 2,686 | 2,616 | 2,445 |
| Sales | 4,199 | 4,027 | 3,965 |
| Total Revenues | 4,208 | 4,037 | 3,973 |
| Gross Profit | 542 | 641 | 567 |
| Net profit | 225 | 308 | 160 |
| Per Share Date (Baht) | | | |
| Per Value | 1 | 1 | 1 |
| Book Value | 2.81 | 2.74 | 2.56 |
| Net profit | 0.24 | 0.32 | 0.17 |
| Market Price | 4.38 | 4.84 | 4.88 |
| Dividend | 0.12* | 0.15 | 0.14 |
| Financial Ratio | | | |
| Profitability Ratio (%) | | | |
| Return on Total Revenues | 0.05 | 0.08 | 0.04 |
| Return on Equity | 8.48 | 12.18 | 6.61 |
| Liquidity Ratio (Times) | | | |
| Current Ratio | 0.56 | 0.59 | 1.04 |
| Quick Ratio | 0.39 | 0.41 | 0.77 |
| Current Cash Flow Ratio | 0.44 | 0.72 | 0.51 |
| Efficiency Ratio (Times) | | | |
| Return on Total Asset | 3.18 | 4.41 | 2.46 |
| Return on Fixed Asset | 12.15 | 12.53 | 10.50 |
| Financial Policy Ratio (Times) | | | |
| Debt to Equity | 1.60 | 1.74 | 1.79 |
| Interest Coverage | 5.60 | 6.90 | 6.86 |
| Payout Ratio (%) | 58.67 | 51.09 | 66.41 |

* The Board of Directors resolved to set dividend payment rate at Baht 0.12* Per Value, for Further proposal to the Shareholders' general meeting for approval on April 22 , 2019

Nature of the Business

Sahacogen (Chonburi) Public Company Limited is a Small Power Producer (SPP) profiting from a combinative generation of both electricity and steam. The first power plant is a combined-cycle power plant using the natural gas as the main fuel. It was established in Sahaphat Group Industrial Park, Sriracha, Chonburi and started commercial operation since 1999. The plant has installed capacity of 90 MW distributing the electricity under the power purchase agreement by Electricity Generating Authority of Thailand (EGAT). It also supplies electricity and steam to Saha Pathana Inter-Holding Public Company Limited, the sole distributor of electricity and steam to factories in Sahaphat Group Industrial Park. The electricity and steam generating business helps factories in production cost reduction, promoting the stability of the electricity generating system in the industrial park and also reducing Greenhouse gas emission from the production activities within the park. Sahacogen's business has an indirect effect to stimulate the business growth and investment expansion within the industrial park, which consequentially leads to higher demand for electricity. The expansion of our third phase combined-cycle cogeneration power plant adds the additional capacity of 28 MW electricity and 15 tons of steam per hour. The total maximum power generation capacity is raised up to 214 MW of electricity and 96 tons of steam per hour. The capacity adding serves the current electricity usage of customers the industrial park to the rising demand in the future.

Corporate Business Policy and Business Overview

Sahacogen & Affiliates consist of

Company

- Sahacogen (Chonburi) Public Co., Ltd.

Subsidiaries

- Sahacogen Green Co.,Ltd.
- Sahagreen Forest Co.,Ltd.
- Sahagreen Energy Co.,Ltd.

Vision and Mission

• Vision

"We will be a leading small power producer and relating business with the continuous and sustainable developments to maximize the satisfaction of stakeholders"

• Mission

1. Produce and distribute high quality and reliable energy to meet the requirements and satisfactions of customers.
2. Enhance capability and competence with continuous development.
3. Comply with good governance principles with respect to society, counter parties and employees.
4. Operate the business with concerns regarding safety, occupational health hazards and environment issues.

• Core values (PITEP)

| | | |
|----------|--------------------------|---|
| P | Positive Thinking | Having positive attitude and be ready to motivate surrounded people to have the positive thoughts |
| I | Initiative | Being innovative, suggest new ideas or projects beneficial to the company |
| T | Teamwork | Supporting working as a team and seeking ways to achieve goals as a team |
| E | Entrepreneurship | Having the sense of ownership, caring and protecting the company from what would cause negative effects |
| P | Proactive | Having visionary plans before execution and actively striving for the results planned |

Events and Development Highlights

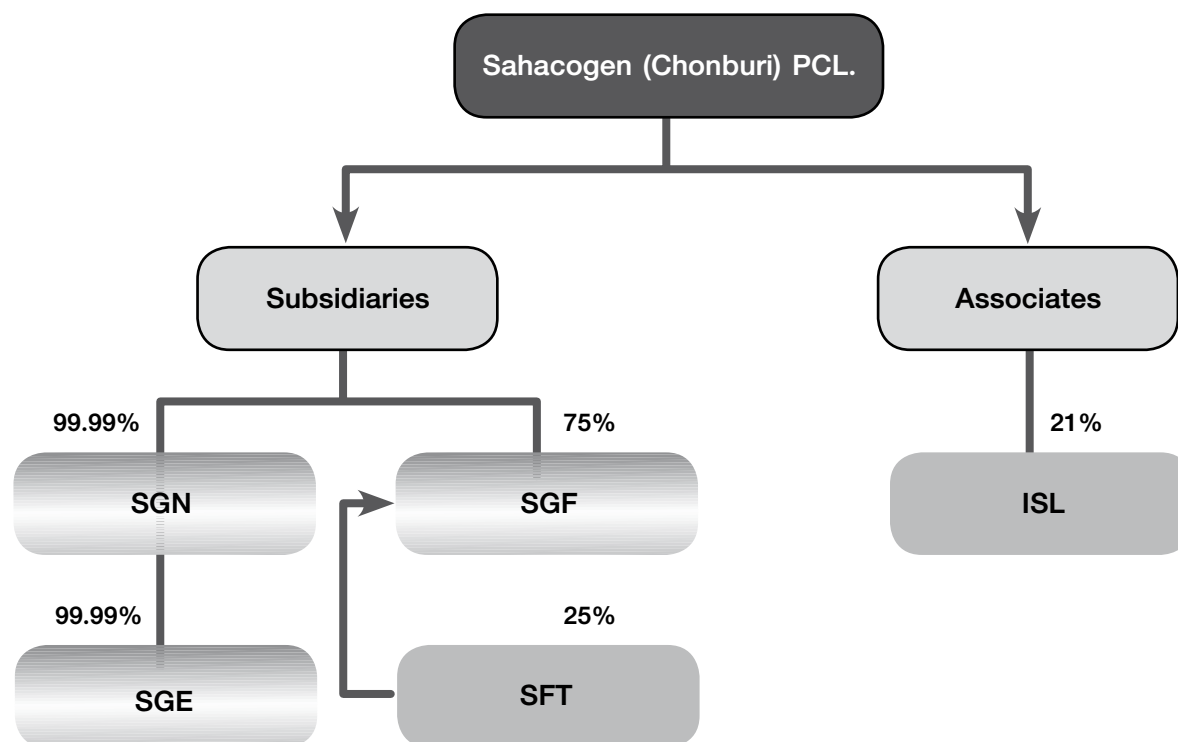
| | |
|-------------|--|
| 1996 | <ul style="list-style-type: none"> Sahacogen (Chonburi) Company Limited was found to produce electricity and steam power business with the registered capital of Baht 12 million on November 20, 1996. |
| 1997 | <ul style="list-style-type: none"> The capital was firstly increased to the amount of 680 million Baht in June 1997 and was secondly added 30 million Baht in October 1997. As the result of capital increase, its registered capital was totally 730 million Baht. Sahacogen signed the sale of electricity and steam agreement with Saha Pathana Inter-Holding PCL for 15 years, the sale of electricity contract with the Electricity Generating Authority of Thailand for 25 years, and the operation and service agreement with Operational Energy Group Limited. |
| 1998 | <ul style="list-style-type: none"> Sahacogen signed the raw water purchase agreement with Eastern Water Resources Development and Management PCL for 25 years. Sahacogen has been promoted from the Board of Investment (BOI), the item of 7.1 on infrastructure and basic services with electricity production capacity of 122 MW and 41 tons of steam per hour. Sahacogen signed the purchase of natural gas with the PTT Public Company Limited for 21 years. Sahacogen increased its capital, on the third, on the amount of 90 million Baht; the total registered capital was 820 million Baht. |
| 1999 | <ul style="list-style-type: none"> Sahacogen commercially operated to distribute electricity to the Electricity Generating Authority of Thailand and other factories in the Saha Group Industrial Park-Sriracha in April 1999, and steam in May 1999. |
| 2000 | <ul style="list-style-type: none"> Sahacogen was awarded as the good corporate practicing in accordance with the criteria of the good environmental governance to reduce the environmental impact of the power plant projects for the year 2000 by the Office of Environmental Policy and Planning, Ministry of Science, Technology and Environment on September 20, 2000. |
| 2001 | <ul style="list-style-type: none"> Sahacogen has been promoted from the Board of Investment (BOI) on its expansion project for an additional electricity production capacity of 9.8 MW and 20 tons of steam per hour in March 2001. |
| 2002 | <ul style="list-style-type: none"> Sahacogen was certified the environment management system (ISO14001:1996) from Thailand Environment Institute on February 2, 2002. Sahacogen received the quality management system certification (ISO 9001:2000) for the production of electricity and steam from RWTUV (Thailand) in September 2002. Sahacogen has registered as a public limited company on October 4, 2002 and changed its name to Sahacogen (Chonburi) Public Company Limited. |
| 2003 | <ul style="list-style-type: none"> Sahacogen increases its registered capital from 820 million Baht to 955 million Baht, and changed its common stock price from 10 Baht to 1 Baht, including selling the recapitalized common shares, totally 135 million shares, to public in order to invest as the equity funding for the 44 megawatts expansion project. Sahacogen obtained authorization from Securities and Exchange Commission to sell its recapitalized shares to public on November 26, 2003 and conduct an Initial Public Offering (IPO) shares at 3.20 Baht/share during December 17-19, 2003. |
| 2004 | <ul style="list-style-type: none"> Sahacogen traded its share on the Stock Exchange of Thailand, with the symbol of "SCG", on January 7, 2004. |

| | |
|-------------|--|
| 2005 | <ul style="list-style-type: none"> Sahacogen completed its expansion project on production electricity capacity of 44 megawatts, as the result, its production capacity is now 174 megawatts of electricity and 81 tons per hour of steam. Sahacogen was certified the quality management system certification (ISO 9001:2000) from Management System Certification Institute (Thailand) or MASCI on September 9, 2005 and recertified every three years. Sahacogen was certified the environment management system (ISO14001:2004) from Management System Certification Institute (Thailand) or MASCI on November 25, 2005 and recertified every three year. |
| 2006 | <ul style="list-style-type: none"> Sahacogen received the certification of participation in energy conservation program for well successfully achievement from Department of Alternative Energy Development and Efficiency, Ministry of Energy on February 22, 2006. Sahacogen established its subsidiary named Sahacogen Green Company Limited with the registered capital of 250 million Baht on November 2, 2006, with holding major shares to operate biomass power plant with the electricity generating capacity of 9.6 megawatts and 25 tons of steam per hour, located in the Saha Group Industrial Park-Lumphun, Lumphun province. Sahacogen Green Co., Ltd. has presently registered capital of 1,520 million Baht. |
| 2007 | <ul style="list-style-type: none"> Sahacogen was awarded as the good corporate practicing in accordance with the criteria of the reports on environment impact assessment and excellent environmental management of the power plant projects for the year 2007 by the Office of Natural Resources and Environmental Policy and Planning, Ministry of Natural Resources and Environment on December 21, 2007. |
| 2008 | <ul style="list-style-type: none"> Sahacogen was re-awarded as the good corporate practicing in accordance with the criteria of the reports on environment impact assessment and excellent environmental management of the power plant projects for the year 2008 by the Office of Natural Resources and Environmental Policy and Planning, Ministry of Natural Resources and Environment. Sahacogen was certified the occupational health and safety management system (TIS 18001-1999 and BS OHSAS 18001:2007) from Management System Certification Institute (Thailand) or MASCI effectively on December 12, 2008 and recertified every three year. Sahacogen established its subsidiary named Sahagreen Forest Company Limited with theregistered capital of 5 million Baht on December 18, 2008, which is the joint venture at holding 75:25 with Siam Forestry Company Limited to operate biomass power plant with the electricity generating capacity of 7.5 megawatts located at Prankratai district,Kamphaengphet province. Sahagreen Forest Co., Ltd. has presently registered capital of 190 million Baht. |
| 2009 | <ul style="list-style-type: none"> Energy Regulatory Commission approved and issued the license to produce electricity in accordance with the Act Operating Power B.E. 2550 under a license 15 years effective from July 16, 2009 to July 15, 2024 (the previous concession on operation of power plants issued by the Ministry of the Interior during the period of May 26, 1998 to May 25, 2013 was cancelled). Sahacogen developed the quality management system certification (ISO 9001:2008) from Management System Certification Institute (Thailand) or MASCI on October 22, 2009 and recertified every three years. |

| | |
|-------------|---|
| 2010 | <ul style="list-style-type: none"> Sahacogen received the certification of good corporate practicing in accordance with the criteria of well environmental governance on workplace project for 2010 held by Ministry of Industry Thailand on September 28, 2010. |
| 2012 | <ul style="list-style-type: none"> Sahacogen was certified, the certification no. 3-879/2555, for the Green Industry, level 3, on contribution of environmental system management, monitoring and assessment, and continually review for development from Department of Industrial Works, Ministry of Industry Thailand on October 15, 2012 which is effectively valid on October 14, 2015. Sahacogen established its subsidiary named Sahagreen Energy Company Limited with the registered capital of 40 million Baht on March 16, 2012 to operate and distribute biomass pellets. Sahacogen was certified the occupational health and safety management system (TIS 18001-2011) from Management System Certification Institute (Thailand) or MASCI effectively on September 14, 2012 and recertified in accordance with BS OHSAS 18001:2007 on December 12, 2014 and recertified every three years. Sahacogen was awarded and certified as standard responsibility of workplace to social on its fundamental in accordance with the assessment criteria from the committee of Department of Industrial Works under CSR-DIW for Beginner Award project on December 19, 2012. |
| 2013 | <ul style="list-style-type: none"> Sahacogen (Chonburi) Public Company Limited was awarded the CSRI Recognition 2013, general category, held by the Institute of Social Business (CSRI), the Stock Exchange of Thailand. Sahacogen and Affiliates, Sahacogen Green Co., Ltd., was awarded the outstanding biomass fired cogeneration plant for Renewable Energy, which was organized by the Department of Alternative Energy Development (DEDE), Ministry of Energy. Moreover, it won the ASEAN Energy Awards 2013 for energy conservation and renewable energy development in ASEAN. Sahacogen Green Co., Ltd., its subsidiary, received the promotion certificate from The Board of Investment of Thailand (BOI), certification no. 1858(3)/2013 in category no: 1.3 economic forest plantations, with the size of the land 1,493 rais on June 19, 2013. |
| 2014 | <ul style="list-style-type: none"> Sahacogen (Chonburi) Public Company Limited was awarded Investor Choice Award 2014 organized by Thai Investors Association (TIA), the Stock Exchange Commission (SEC) and the Stock Exchange of Thailand (SET) for having achieved a complete score of 100 on running a quality AGM, which it has now done so for the previous five consecutive years from 2010-2014. Sahacogen was awarded “CSR Recognition Award 2014” from the Stock Exchange of Thailand (SET), which honored and encouraged listed companies running business under sustainable growth. Moreover, it also received the prize in SET Award 2014 for Outstanding Corporate Social Responsibility Awards 2014, (awarded in section “SET Market Capitalization of THB 2,000 – THB 10,000 million”). |
| 2015 | <ul style="list-style-type: none"> The Board of Directors’ Meeting No. 5/2015 has approved the Expansion III Project of combined-cycle power plant in Saha Group Industrial Park, Sriracha. The Board of Investment, the certification no. 1308(2)/2015, on March 16, 2015. The scheduled commercial operation date for the project is expected to be in 2017. |

| | |
|------|---|
| | <ul style="list-style-type: none"> Sahacogen (Chonburi) Public Company Limited has passed the sustainability assessment criteria for “Thailand Sustainability Investment 2015” in section 4: Market Capitalization between 3,000-10,000 Million Baht. Moreover, the Company was awarded “ESG 100 Certificate” for outstanding business operation towards environment, social and governance (100 out of 567 listed companies). Sahacogen Green Co., Ltd. was awarded “Honorary Awards” in Thailand Green Design Awards 2015 for energy saving product (excluding edible products) from Kasetsart Agricultural and Agro-Industrial Product Improvement Institute (KAPI), Kasetsart University. Sahacogen Green Co., Ltd., its subsidiary, received the certification in forest management operations that meet the standards of the Forest Stewardship Council (FSC) by Bureau Veritas, with the exhibition on fast growing tree plantation for producing energy in association with the Forest Industry Organization, Ministry of Natural Resources and Environment on June 5, 2015, which will be invalid on June 4, 2020. Sahagreen Forest Co., Ltd. (its subsidiary) was awarded Thailand Energy Awards 2015 for renewable energy projects associated with the transmission system (On-Grid) by Department of Alternative Energy Development and Efficiency (DEDE). Moreover, the company also received the prize in “CSR-DIW Awards 2015 for Corporate Social Responsibility projects, and was certified, the certification no. 3-4448/2558, for the Green Industry, level 3, on contribution of environmental system management from the Ministry of Industry on September 30, 2015. |
| 2016 | <ul style="list-style-type: none"> Sahacogen Green Co., Ltd. and Sahagreen Forest Co., Ltd. (its subsidiaries) have been approved on the transition from Adder to Feed-in Tariff (FIT) for generating electricity from renewable energy, which was effective on March 11, 2016 by the National Energy Policy Council (NEPC). |
| 2017 | <ul style="list-style-type: none"> November 20, 2017 has commercial operation for III Project of combined-cycle power plant in Saha Group Industrial Park, Sriracha. The capacity of electricity is 28 MW and steam is 15 tons per hour. Sahacogen has certified the quality management system certification (ISO 9001:2014) and ISO 14001 : 2015 from Management System Certification Institute (Thailand) or MASCI effectively on September 9, 2017. |
| 2018 | <ul style="list-style-type: none"> Sahagreen Forest Co.,Ltd. and Sahacogen Green Co.,Ltd., the subsidiaries received the certification from Thailand’s Private Sector Collective Action Coalition against Corruption (CAC), on February 12, 2018. The Board of Directors’ Meeting No. 4/2018 has approved the investment in Impact Solar co., Ltd. for 21% by holding 9,093,000 shares equivalent to 90.93 million Baht. Impact Solor Co., Ltd. is a private solar power producer and supplier of solar rooftop system. Sahacogen (Chonburi) Public Company Limited has passed the sustainability assessment criteria for “Thailand Sustainability Investment 2018” (THSI) in group 4 for Market Capitalization between 3,000-10,000 Million Baht. |

Shareholding structure



Remark : Voting rights in the subsidiaries and associates depends on shareholding proportion

SGN = Sahacogen Green Co.,Ltd.

SFT = Siam Forestry Co. Ltd.

SGF = Sahagreen Forest Co.,Ltd.

ISL = Impact Solar Co.,Ltd.

SGE = Sahagreen Energy Co.,Ltd.

Sahacogen Group Investment Policy

The company considers investment and joint-investment opportunities based the synergy to current businesses, vision and mission. The focus of the businesses is providing the sustainable power sources for value to society. The return in terms of dividend is also one of the consideration criteria.

Business Operation Policy

1. The Board of Directors of the joint investment company has the authority to manage under the set objectives.
2. The company's Board of Directors will appoint the representatives to be the directors in joint-investment Company. The number of the appointed directors will be proportionated to the percentage of shareholding.

The company has Asset Management unit to analyze and monitor the operating performance of the joint-investment company.

Cross-shareholding as of December 31, 2018

| Company Name | Shareholding Percentage | |
|--|-----------------------------|-----------------------------|
| | Shareholding by the company | Shareholding in the company |
| 1. In the case of over 50% shareholding | | |
| (A) Other companies holding over 50% shares in the company Cross-shareholding by the company in other companies is not allowed. | - | - |
| (B) The company holding over 50% shares in other companies Cross-shareholding by other companies in the company is not allowed. | | |
| 1. Sahacogen Green Co., Ltd. | 99.99 | - |
| 2. Sahagreen Forest Co., Ltd. | 75.00 | - |
| (C) The company holding over 50% shares in 2 other companies and over Cross- shareholding between other such companies is not allowed. | - | - |
| 2. In the case of over 25% shareholding, but not exceeding 50% shareholding | - | - |
| (A) Other companies holding over 25% but not exceeding 50% shares in the company Over 10% cross-shareholding by the company in other companies is not allowed. | | |
| (B) The company holding over 25% but not exceeding 50% shares in other companies Over 10% cross-shareholding by other companies in the company is not allowed. | - | - |
| 3. In the case of not exceeding 25% shareholding | - | - |
| (A) Other companies holding not exceeding 25% shares in the company Over 25% shareholding by the company in other companies is not allowed. | - | - |
| (B) The company holding not exceeding 25% shares in other companies Over 25% shareholding by other companies in the company is not allowed. | - | - |

While the company allows the structure for cross-shareholding, nevertheless, such cross-shareholding is neither conflicting nor contradicting to the announcement by The Capital Market Supervisory Board no14. Thor Chor 28/2008 regarding “the permission request and the permission to offer newly-issued shares”

| No. | Company Name | Shareholding by the company | Shareholding in the company |
|-----|-----------------------------------|-----------------------------|-----------------------------|
| 1 | S&J International Enterprises PLC | 0.07 | 14.90 |
| 2 | I.C.C. International PLC | 0.07 | 11.30 |

Business Relationship with the company's major shareholding parties

The Company and Saha Pathana Inter-Holding Public Co., Ltd., a major shareholder, have been involved in joint business activities. These mentioned activities enhance the strength of the Company's business as well as implement the integration in line of power - producing industry and public utility to companies within Saha Group Industrial Park, ranging from materials procurement to the distribution as well as providing land rental services.

Company Business

The revenue structure for the year 2018

- The revenue from electricity, steam generation and Others 4,198.65 million baht (99.78%)
- Other revenue 9.19 million baht (0.22 %)

Unit : '000 baht

| Company | Revenue | Shareholding (%) | 2018 | | 2017 | | 2016 | |
|-----------------------------|--|------------------|-----------------|---------------|-----------------|---------------|-----------------|---------------|
| | | | Amount | % | Amount | % | Amount | % |
| Sahacogen (Chonburi) PLC. | Electricity, steam generation | | 3,609.22 | 99.33 | 3,440.61 | 99.07 | 3,403.26 | 99.85 |
| | Other Revenue | | 24.34 | 0.67 | 32.14 | 0.93 | 4.96 | 0.15 |
| Total | | | 3,633.56 | 100.00 | 3,472.75 | 100.00 | 3,408.22 | 100.00 |
| Sahacogen Green Co., Ltd. | Electricity, steam generation and Others | 99.99 | 333.82 | 99.61 | 367.05 | 99.62 | 359.41 | 98.49 |
| | Other Revenue | | 1.30 | 0.39 | 1.40 | 0.38 | 5.51 | 1.51 |
| Total | | | 335.12 | 100.00 | 368.45 | 100.00 | 364.91 | 100.00 |
| Sahagreen Forest Co., Ltd. | Electricity | 75 | 255.61 | 99.86 | 254.70 | 99.82 | 223.68 | 99.93 |
| | Other Revenue | | 0.36 | 0.14 | 0.46 | 0.18 | 0.15 | 0.07 |
| Total | | | 255.97 | 100.00 | 255.16 | 100.00 | 223.84 | 100.00 |
| Sahagreen Energy Co., Ltd.* | Bio-mass Fuel | ** | - | - | 0.14 | 15.29 | 9.16 | 89.80 |
| | Other Revenue | | 0.03 | 100.00 | 0.78 | 84.71 | 1.04 | 10.20 |
| Total | | | 0.03 | 100 | 0.92 | 100.00 | 10.20 | 100.00 |
| Revenue Structure*** | Electricity, steam generation and Others | | 4,198.65 | 99.78 | 4,026.68 | 99.74 | 3,986.51 | 99.48 |
| | Bio-mass Fuel | | - | - | 0.14 | 0.00 | 9.16 | 0.23 |
| | Other Revenue | | 9.19 | 0.22 | 10.19 | 0.26 | 11.66 | 0.29 |
| | Total | | 4,207.84 | 100.00 | 4,037.01 | 100.00 | 4,007.33 | 100.00 |

Note :

* Sahagreen Energy Co., Ltd. has stopped its operation.

** The subsidiary company is 99.99% held by Sahacogen Green Co., Ltd.

*** More details has been disclosed in the note to the company's financial statement as of December 31, 2018 number 26 "The financial information by segmentation"

Sahacogen (Chonburi) Public Company Limited is a small power producer (SPP). The company is operating in power plant business by selling electricity and steam. The first power plant is a combined-cycle power plant using the natural gas as the main fuel. It was established in Sahaphat Group Industrial Park, Sriracha, Chonburi and started commercial operation since 1999. The plant has installed capacity of 90 MW distributing the electricity under the power purchase agreement by Electricity Generating Authority of Thailand (EGAT). It also supplies electricity and steam to Saha Pathana Inter-Holding Public Company Limited, the sole distributor of electricity and steam to factories in Sahaphat Group Industrial Park. The electricity and steam generating business helps factories in production cost reduction, promoting the stability of the electricity generating system in the industrial park and also reducing Greenhouse gas emission from the production activities within the park. Sahacogen's business has an indirect effect to stimulate the business growth and investment expansion within the industrial park, which consequentially leads to higher demand for electricity. The expansion third phase combined-cycle cogeneration power plant adds the additional capacity of 28 MW electricity and 15 tons of steam per hour. The total maximum power generation capacity is raised up to 214 MW of electricity and 96 tons of steam per hour. The capacity adding serves the current electricity usage of customers the industrial park and also proactively respond to the rising demand in the future.

Sahacogen realizes an important of the harmony with local communities and environment, so the company has set policies for affiliates in running businesses in accordance to this value. Specifically, Sahacogen and affiliates develop new projects that use renewable energy. Due to the fact that the non-renewable energy and natural gas price has been rising up, the company thrives for reducing the effect of global warming by setting up subsidiaries operating biomass power plant and producing biomass pellets in order to conform to the company's vision and mission.

Sahacogen Green Company Limited is located in Sahaphat Group Industrial Park, Lamphun. It is a very small power producer (VSPP) producing electricity by utilizing biomass as the fuel, with the installed capacity of 9.6 MW. This company has started commercial operation since 2011 distributing electricity to Provincial Electricity Authority (PEA), and distributing steam to manufacturers in Sahaphat Group Industrial Park, Lamphun.

Sahagreen Forest Company Limited is located in Prankratai district, Kamphaengphet. It is a very small power producer (VSPP) producing electricity by utilizing biomass as the fuel, with the installed capacity of 7.5 MW. This company has started commercial operation since December 2012, distributing electricity to Provincial Electricity Authority (PEA).

Sahagreen Energy Company Limited located in Kabinburi district, Prachinburi. The company's purpose is operating as the compressed biomass pellets producer. The pellets were made of parts of fast growing plants and the agricultural residual products. However, its business operation has been shut down in 2017.

The major developments in the past year

The company has been introducing many projects focusing on innovation in production process and investment as well as the environment care. The projects introduced in 2017 can be listed as follow.

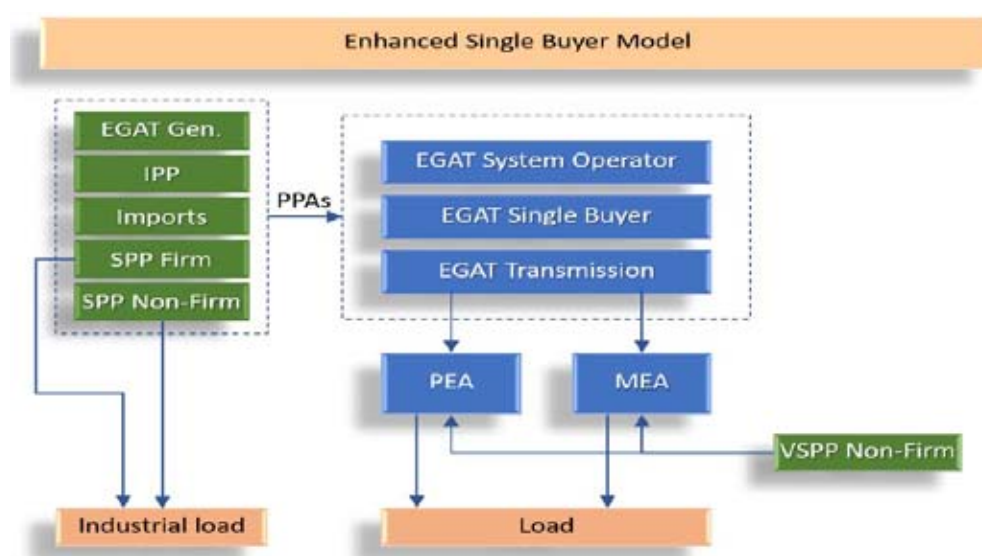
- An investment in Solar Rooftop
- Energy saving program
- Bamboo planting to cope with deforestation
- Charcoal production (Lamboochar project)

Market and Competition

Market Situation

1. The industry landscape

Thailand electricity industry is in an enhanced single buyer system. The main buyers are state-owned entities which are Electricity Generating Authority of Thailand (EGAT), Metropolitan Electricity Authority (MEA) and Provincial Electricity Authority (PEA). These direct buyers under control of the Energy Regulatory Commission will later on distribute the electricity to the end users.



Source: Petroleum Institute of Thailand

Electricity Generating Authority of Thailand (EGAT) has authority to manage the electricity generating and the electric power system in Thailand. EGAT manages buying electricity from power plants in Thailand and overseas. Moreover, EGAT is the authority selling electricity to the main users. As of 2018, EGAT has 29 percent of the electricity generating capacity in Thailand. On the other hand, EGAT holds 1 percent as the main user in Thailand.

Metropolitan Electricity Authority (MEA) and Provincial Electricity Authority (PEA) have the authority to sell electricity to general users and buy from local small power plants. MEA's areas of service include Bangkok Metropolitan, Nonthaburi and Samut Prakan Province. While PEA will service in the other areas throughout country. In 2018, MEA and PEA control market share of 29 and 70 percent consecutively.

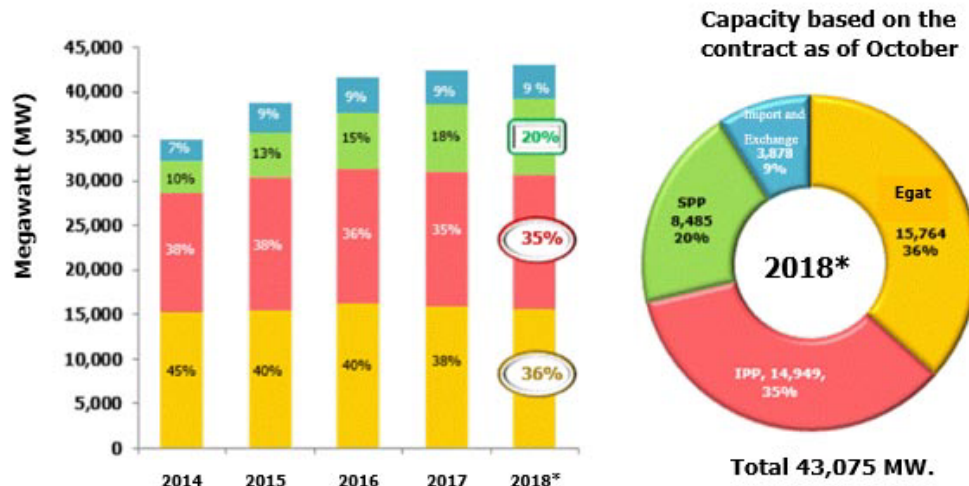
Public sector in electricity generation has been enhancing the competition and efficiency. The alternative energy has been supported in several ways. The electricity generating businesses can be segmented based on the capacity which are Independent Power Plant (IPP), Small Power Plant (SPP), Very Small Power Plant (VSPP).

| Type | Counterparty | Condition |
|-------------------------------|--------------|---|
| Independent Power Plant (IPP) | EGAT | More than 90 MW |
| Small Power Plant (SPP) | EGAT | Starting from 10 MW but not more than 90 MW |
| Very Small Power Plant (VSPP) | MEA and PEA | No more than 10 MW |

Source: Energy Regulatory Commission

Small Power Plants (SPP) can deal directly to the industrial sector in their area and sell the electricity through their own power supply system together with the supply of thermos power (hot steam of cold water).

Public sector has been playing more important role in the industry. As of December 31, 2018, there are 1,103 power plants with to capacity of 27.2 gigawatts which accounts for approximately 49 percent of Thailand electricity generating capacity.

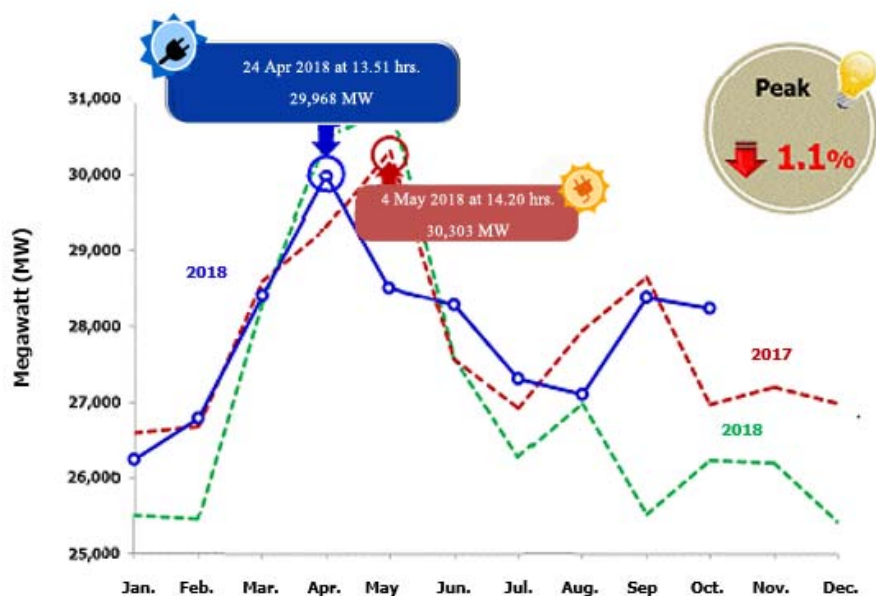


Note: The capacity shown in the chart is not included Very Small Power Plants (VSPP) and Independent Power Supplier (IPS)

Source: Energy Policy and Planning Office

2. Demand and Usage in Thailand

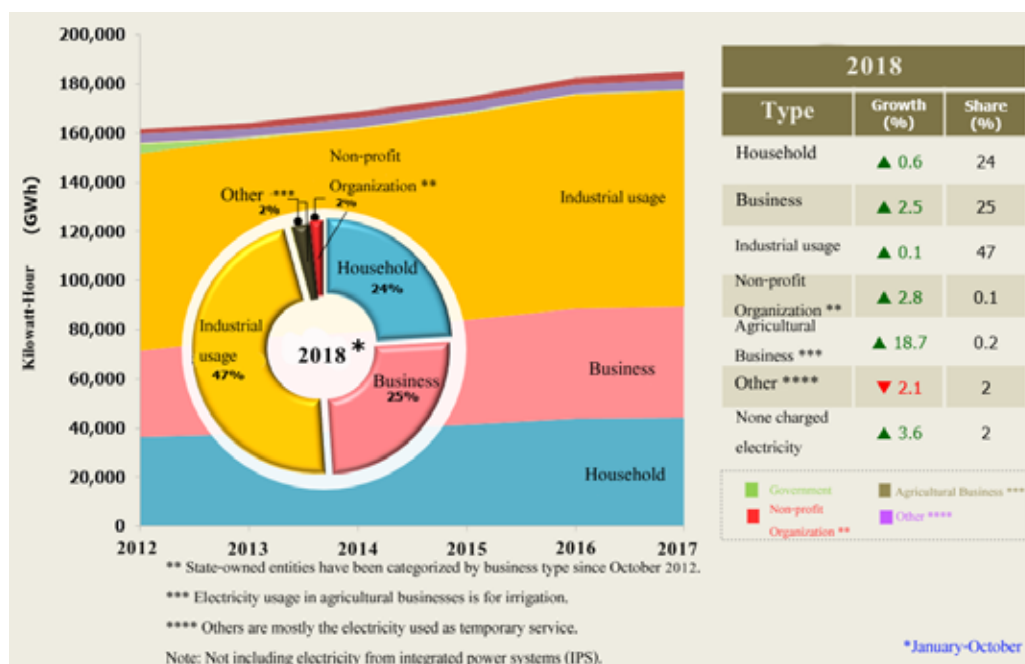
The maximum demand is 2017 was 30.3 kilowatts. The demand level has decreased to 29.9 kilowatts in 2018. The seasonal pattern shows peak demand in quarter 2 which is summer.



Note: The peak demand in 3 systems not including Independent Power Suppliers (IPS)

Source: Energy Policy and Planning Office

The country electricity consumption has been increasing based on economic growth. In the past 5 years, the electric consumption in Thailand has been growing up 3.36 percent on average. In October 2018, the electricity usage increased to 185 gigawatts per hour or equivalent to 1 percent growth year on year. The consumption in industrial sector had the highest proportion comparing to the usage in business and household sectors. The combination of the usage amounts are 47, 25 and 2 percent respectively.

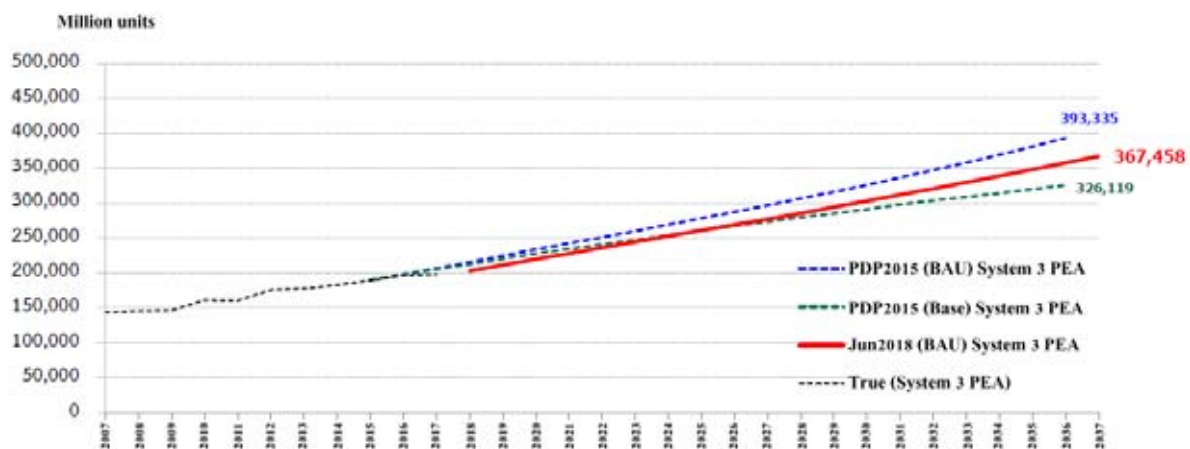


Source: Energy Policy and Planning Office

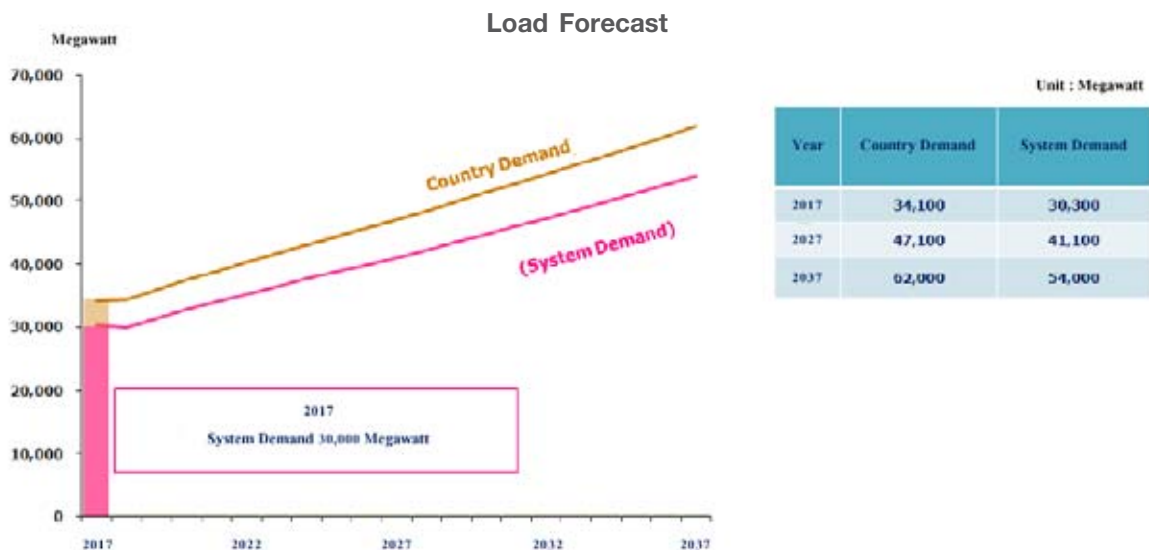
3. Trend and Energy Development Plan

Nowadays, the electricity usage pattern has been changed. The power plants and distribution system have not been completed as stated in Thailand power development plan (PDP) 2015. Therefore, Energy Policy and Planning Office has launched PDP 2018. The usage forecast stated in PDP 2018 are summarized as follow.

The growth of peak electricity demand in 2018 has been forecasted at 2.4 percent. Then later in 2021, the growth of electricity demand will be slightly down from 3.7 to 3.1 percent in 2026. The numbers are based on country GDP slowdown. The electricity usage is expected to have a slightly growth from 166.3 terawatt-hour in September 2018 to be 269.2 terawatt-hour in 2026. The peak demand of 30.3 kilowatts in 2018 will be 39.9 kilowatts in 2026. The forecast figures are shown in the graph below.



Source: PDP 2018



Source: PDP 2018

Usually, the demand forecasted will always be lower than stated in PDP. In the past, government's numbers would be cut down. The consequence of the forecast has impacts on new power plants construction planning that caused the delay in buying electricity from IPP and SPP. The operators holding power purchase agreement (PPA) will have the advantage over new comers.

PDP is the document stated the government policy in terms of energy planning. The goal of PDP is to allocate the sources of fuel used in Thailand by increasing the use of natural gas and renewable energy.

PDP 2018 also stated the support an increase of the used of solar energy in household by 10 gigawatts. The solar power bought during 2019-2023 will be 100 megawatts per year and dramatically increased after 2027 until 2036.

Electricity Generating Plan

| Unit: Megawatt | |
|---|---------------|
| Electricity Generation during 2018-2037 | New PDP Draft |
| Production Capacity 2017 | 46,090 |
| New Capacity add during 2018-2037 | 51,415 |
| Capacity took off during 2018-2037 | -24,294 |
| Production capacity at the end of 2037 | 73,211 |
| Electricity Generation adding during 2018-2037 | |
| Renewable Energy Power Plant | 20,757 |
| EGAT Hydro Power Plant | 500 |
| Co-Generation Power Plant | 1,105 |
| Co-Heat Generation Power Plant (EGAT/IPP) | 13,156 |
| Coal Power Plant (EGAT/IPP) | 1,740 |
| Buying from other countries | 5,857 |
| Main Competitor (EGAT/IPP) | 8,300 |
| Total | 51,415 |

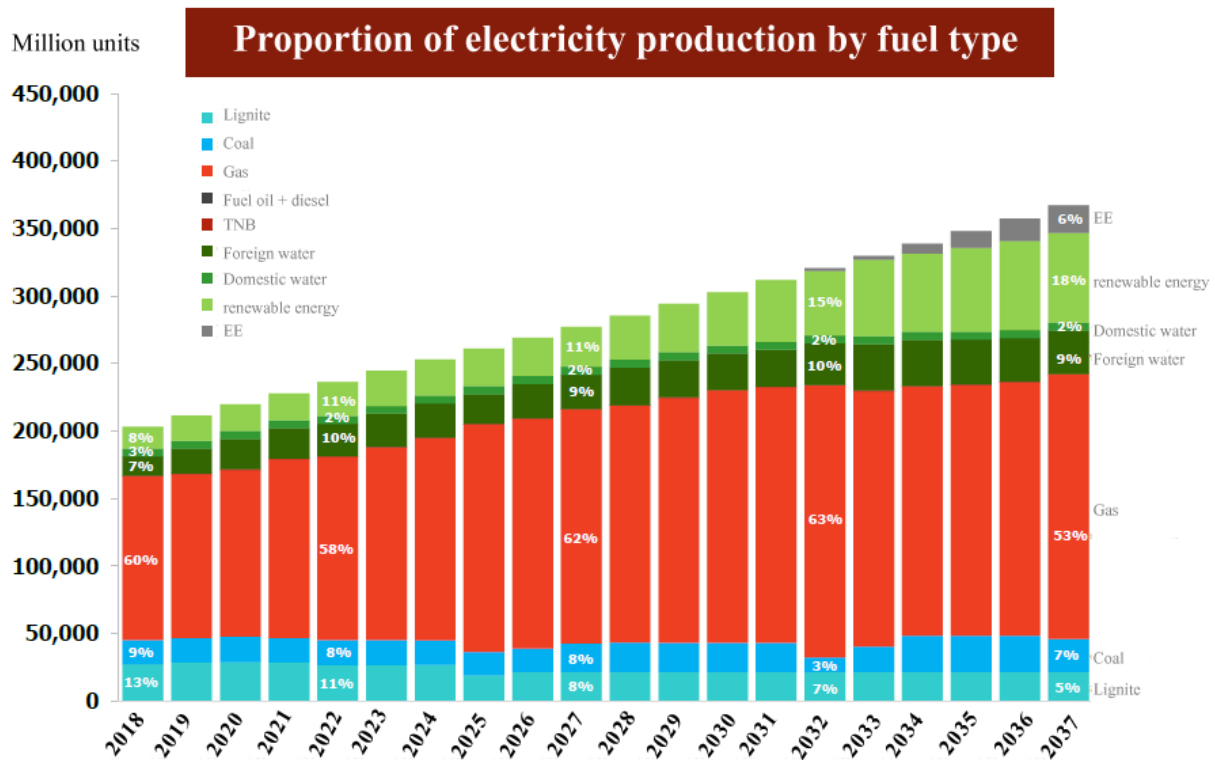
Source: PDP 2018

Renewable Energy Power Plant based on AEDP

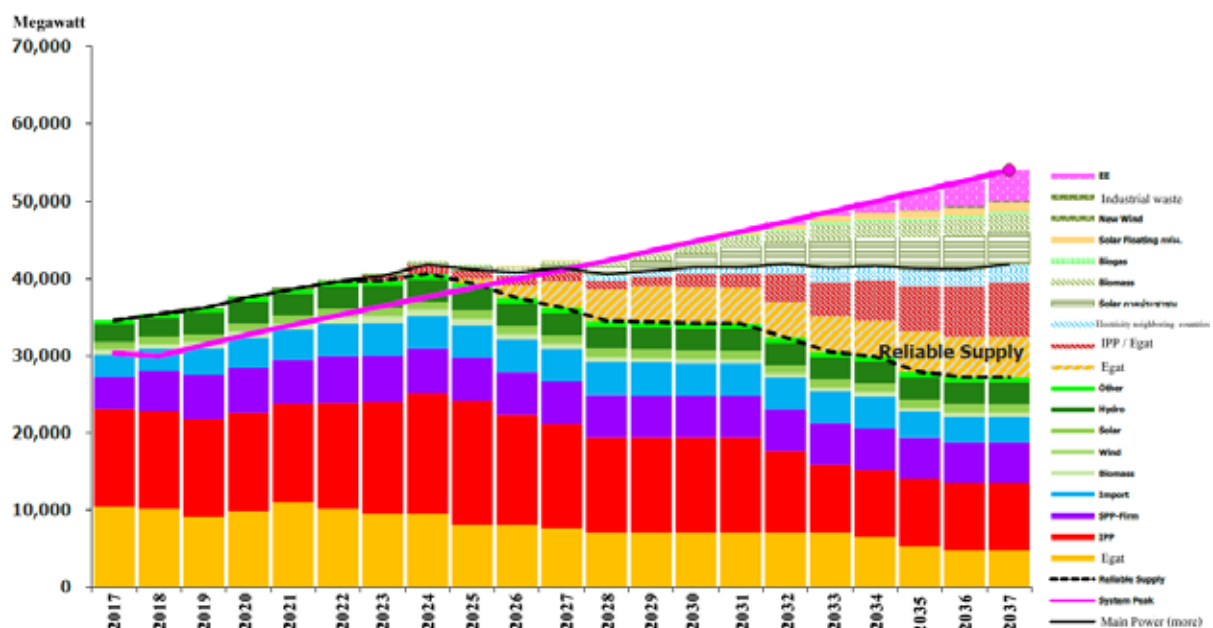
| Unit: Megawatt | |
|---|---------------|
| Renewable Energy Power Plant based on AEDP during 2018-2037 | |
| Biomass Power Plant | 3,376 |
| Biogas Power Plant | 546 |
| Household Solar Power | 10,000 |
| Floating Solar Power + Hydro | 2,725 |
| Wind Energy | 1,485 |
| Industrial garbage | 44 |
| Total | 18,176 |

Source: PDP 2018

The chart below shows the forecast production capacity by type of the fuel during 2018-2037. Approximately 60 percent of the production will come from natural gas. While 10 percent will come from hydro power (3 percent from local production and 7 percent from overseas). The renewable energy will have 8 percent shares. The coal power plants will account for 22 percent (9 percent from imported coal and 13 percent lignite).



Source: PDP 2018



Source: PDP 2018

The production capacity in 2037 is forecasted to be increased by 51.4 megawatts. The power generated from natural gas will reduce to 53 percent. The renewable energy will grow up to 20 percent. The coal power plants will decrease to 12 percent.

The company is operating a co-generating small power plant by using natural gas as the fuel source. There are 2 biomass power plants. The PDP 2018 has stated the buying from co-generation plants ending in 2019-2025 referring to Energy Policy and Planning Office resolution on May 30, 2016. PDP 2018 supports the renewable energy which is support the 2 biomass power plants operated by the company.

Business competition

The public power suppliers and business owners tend to have more private power purchase agreements. The installation of household solar cells will be more popular. PDP 2018 will accept power generating from household solar energy 10 gigawatts. The project will be starting in 2019. This power purchase campaign is aiming to promote the energy generating from public for self-usage. The remaining capacity will be bought by government as an investment incentive.

The company has a new investment with Impact Solar Co., Ltd. to install the solar roof.

PDP 2018 also has the plan to buy electricity generated from biomass power plants in 2023. The company might consider an investment with partners in bio mass power plant as well.

Objectives, goals and strategy

The Company has determined vision focusing on sustainable growth and striving for excellence in business operation. The strategic objectives have been well-established as guidelines for business plan in each unit moving in one direction, which are analyzed and reviewed for achieving the organization's business plan.

The objectives, goals and strategy are described as below;

1. Effective and stable production
2. Service Excellence
3. Improve and enhance the management to meet the vision and business goals by creating and Developing leadership capability (good and smart persons)
4. Manage business operation under "Sufficiency Economy" and "Good Corporate Governance" by treating all stakeholders in a fair, ethical and balanced manner as well as put great importance on compliance with laws relevant to all forms of anti-corruption, which the Company intends to define as one of its organizational culture and core value
5. Run business in accordance with Corporate Social Responsibility policy by building and maintaining relationship with environment and society for good return in a long term

Business Development Plan

- **Short-term Plan**
 1. Study the feasibility of investment in the combined-cycle power plant in accordance with the Power Development Plan (PDP)
 2. The company has a new investment with Impact Solar Co., Ltd. to install the solar roof.
- **Long-term Plan**
 1. Study the feasibility of renewable energy expansion along with select experienced and professional joint venture partners to strengthen the business competency of the Company and its affiliates
 2. Study the feasibility of investment in Asia's energy business in order to meet the business growth in parallel with the ASEAN Economic Community

The operating Performance and Revenue Structure

Capacity and Utilization Report

| Electricity | Unit | 2018 | 2017 |
|-----------------------------------|--------------------|-----------|-----------|
| Power plant -Sriracha | | | |
| Installed Capacity | Megawatt | 214 | 214* |
| Maximum Capacity | Megawatt-hour/year | 1,874,640 | 1,657,584 |
| Actual Production | Megawatt-hour/year | 1,027,807 | 1,036,361 |
| Utilization Factor | Percentage | 54.83 | 62.52 |
| Power plant -Lamphun | | | |
| Installed Capacity | Megawatt | 9.6 | 9.6 |
| Maximum Capacity | Megawatt-hour/year | 84,326 | 84,326 |
| Actual Production | Megawatt-hour/year | 61,748 | 62,815 |
| Utilization Factor | Percentage | 73.23 | 74.69 |
| Power plant -Kamphaengphet | | | |
| Installed Capacity | Megawatt | 7.5 | 7.5 |
| Maximum Capacity | Megawatt-hour/year | 65,880 | 65,880 |
| Actual Production | Megawatt-hour/year | 57,317 | 57,245 |
| Utilization Factor | Percentage | 87.00 | 87.13 |
| | | | |
| Steam | Unit | 2018 | 2017 |
| Power plant -Sriracha | | | |
| Installed Capacity | Ton/hour | 96 | 96* |
| Maximum Capacity | Ton/year | 840,960 | 724,680 |
| Actual Production | Ton/year | 319,286 | 298,973 |
| Utilization Factor | Percentage | 37.97 | 41.26 |
| Power plant -Lamphun | | | |
| Installed Capacity | Ton/hour | 25 | 25 |
| Maximum Capacity | Ton/year | 219,600 | 219,600 |
| Actual Production | Ton/year | 59,422 | 52,099 |
| Utilization Factor | Percentage | 27.06 | 23.79 |

Remark * The commercial operation date (COD) for the Expansion III project was on November 20, 2017.

The company has the key earnings from distributing electricity to EGAT, PEA, electricity and steam sold to industrial users in Sriracha Saha Group Industrial Park. In addition, steam sales are earned from industrial users in Lamphun Saha Group Industrial Park.

(Unit : Million Baht)

| Item | Sahacogen (Chonburi) PLC. | Sahacogen Green Co., Ltd. | Sahagreen Forrest Co., Ltd. | Sahagreen Energy Co., Ltd. |
|-------------------|------------------------------|------------------------------|--------------------------------|-------------------------------|
| Income | 3,633.56 | 335.12 | 255.97 | 0.03 |
| Net profit (Loss) | 195.33 | 10.23 | 38.32 | (7.92) |

Risk Factors and Risk Management

The company has an adequate internal control system. Controlling methods have the balance between the control efficiency and operation agility. The risk management policy has been set up. The Board of Directors, executives and employees have the contribution in evaluating, supporting and complying with the policy and risk management procedures. The Corporate Governance and Risk Management Committee is a group of the representatives in charge of conducting the actions to ensure the business operation is under the proper control.

The company's risk management policies can be listed as follow.

1. To keep the balance of risk and reward from business operation in order to ensure that the operational goals and stakeholders' expectation are achieved under accepted risk level
2. To set strategy in line with risk levels which the Board of Directors considers as acceptable
3. To support the risk management to become a part of organizational cultures, which is necessary to operate it effectively and efficiently by all executives and employees
4. To handle risks impacting on the company's objectives and strategy immediately and continually
5. To set risk management framework in accordance with the company anti-corruption policy

The Corporate Governance and Risk Management Committee is always aware of the fast changing economic situations both local and international circumstances. The Committee always adopted an alert attitude with necessary preparations to implement changes in its strategies and plans, to cope with any serious developments possibly affecting the company's operations. Therefore, the risk management and operational risk assessment working groups have been appointed to be responsible for each business operation in order to evaluate and analyze risks possibly affecting the organization as well as subsidiaries and other projects in both internal and external risk factors, to set priorities for the risk management plan and engage in regular follow-up on the implementation of such plans. At the same time, the Committee presented regular updates to the executive directors and the Board of Directors on the progress and developments regarding said plans continually. Those risk factors likely to have impacts on the company's operations could be summarized as follows:

1. Business Risks

1.1 Risk in Complying with Government Policy, Rules, Regulations and Relating Laws

Currently, Rules, Regulations and Laws relating the power plant operation have become more rigid. Breaking the rules would cause the negative effects and bad reputation. Sahacogen and affiliates emphasize on abiding by the rules, regulation and all relating laws governing power plant operators. Furthermore, the group also places an important on other regulations protecting health of employees. The company always has prompted response to the newly enacted laws and rules amendment.

Risk Management

- Sahacogen and affiliates closely monitor on the newly law legislation that would affect the business. The shared database of rules, regulations and laws is setup. The internal communication is regularly communicated to promote understanding and compliance.
- The company cooperates with governmental institutes in attending conferences and seminars to provide information and check updates closely.

1.2 Risk of being sued regarding to the Computer-Related Crime Act B.E. 2007

Computer crimes are now having the more detrimental effects and impacts. The cybercrimes are frequently organized by groups of people to attack the systems for monetary purposes. The examples of the cybercrime that are common nowadays are internet banking hacking and corporate database stealing.

Risk Management

- The company has regular schedule data backup and disaster recovery site to cope with the unexpected incidents. Firewall system has been set to detect, analyze and respond to the cybercrime threats. The WAF system is the system for data hacking prevention.
- The company has learning sessions and communication about IT securities policy as well as the information about the Computer-related crime Act through intranet network.
- The guideline for IT risk and emergency protocol has been created.

1.3 Risks of Relying on Major Customer or Having Sales Concentration on a Few Number of Customers

Sahacogen and affiliates produce and distribute electricity and steam to three major customers; Electricity Generating Authority of Thailand (EGAT), Provincial Electricity Authority (PEA) and Saha Pathana Inter-Holding Public Co., Ltd. which have been being our customers since it started business operation. In 2018, the Company had income from selling such power THB 4,143 million or 98.67% of the consolidated income.

In addition, the company has risks to be reduced the amount purchased by Electricity Generating Authority of Thailand (EGAT) in case that the company cannot supply the full amount of electricity as contracted and cannot solve this problem within 18 months. The company has set the conditions in operating and maintenance contract with Operational Energy Group Company Limited (Operation, Maintenance and Power Plant Services Provider) to guarantee the capacity and the stability of the electricity supply to EGAT during peak hours. Consequently, the company ensures adequate electricity supply to EGAT and also be able to serve the electricity demand growth in Saha Group Industrial Park, Sriracha.

Risk Management

- The company has been monitoring the business and agreement completion. The operation and services have been always evaluated and improved. The risk of having contract termination from counterparties seems to be low.
- The company minimizes risk by having the continuous improvement on services.
- The company always looks up for new business opportunities.
- The company focuses on maintaining good relationship with business partners.
- The company strives for the customers' satisfaction on service.
- The company regularly has customer satisfaction survey for continuous service improvement.

1.4 Risks of Relying on Major Distributor or Having Concentration on a Few Number of Suppliers

The income generated from the industrial park in Sriracha was estimated to be 42.16% of Sahacogen and affiliates' consolidated income. Such selling was operated under the Purchase Agreement between Sahacogen (Chonburi) Public Co., Ltd. and Saha Pathana Inter-Holding Public Co., Ltd. which is its major shareholder. The risk of having the concentrated transactions via major vendors deemed low.

Risk Management

- The company has service and support department working as the customers' coordinators so that the company knows the feedbacks and be able to tackle with problems immediately.
- The company focuses on maintaining good relationship with customers and service improvement.
- The company strives for good quality of service and customers' satisfaction.
- The company does customers' satisfaction survey on regular basis.

1.5 Land Rental Risks

Sahacogen (Chonburi) Public Co., Ltd. has a land rental agreement with Sinparadorn Co., Ltd. which has jointed shareholder. Therefore, the risk of having the rental agreement terminated is low.

Risk Management

- The company has been strictly complying with conditions in the agreement.

1.6 Risks in Obsolete Products

Main products of Sahacogen and affiliates are electricity and steam which are produced and distributed immediately, so there will be no obsolete product in stock. For biomass pellets production of its subsidiary, biomass will be kept in warehouse for raw materials.

Risk Management

- The company has the procurement plan that is synchronized with the production plan. The monitoring will be conducted once a month.
- The company has set the monthly schedule to monitor the biomass quality.

1.7 Risk of Stemming from the Launch of the ASEAN Economic Community (AEC) which could affect selling target and production cost

The company produces and distributes electricity and steam to its customers domestically only. In addition, it has main production base and labor resource in Thailand. The launch of AEC which is the joint economic integration of Association of Southeast Asian Nations or ASEAN does not have a big impact about business competitions. In case of customers move production base to another country in ASEAN with low cost of raw materials or expenses, this may cause the decrease of income a little or no effect on significant matter about electricity sale, because main product is electricity distributed to Electricity Generating Authority of Thailand (EGAT) and Provincial Electricity Authority (PEA). Such risks are deemed low.

Risk Management

- The company has been closely monitoring on new investment opportunities in South East Asia.
- The company has been closely monitoring the development in the industry.

1.8 Risks of Product Price Possibly be Reduced in Significant Matter

Selling Price

Regarding to the situation of energy in Global Markets, volatility and increase of fuel oil price occurs in a significant matter. However, the overall fuel price is still comparatively low comparing to the historical price. This situation may impact the price on electricity and steam, the main income of Sahacogen and affiliates which is accounted 99.71% of the consolidated income. It is because some factors of electricity and steam price are subject to energy price. However, natural gas price, the main fuel, estimated 66.36% of all cost, tending to increase in the same direction. Moreover, some risks also go to energy price according to the Agreement with Electricity Generating Authority of Thailand (EGAT) whose price structure is subordinate to actual cost of natural gas. For energy price distributed to Saha Pathana Inter-Holding Public Company Limited, it is subject to price rate of PEA and dependent on Float Time (FT). In case of FT rate not in line with fuel costs, this may impact the company's performance. However, the mentioned risks are the external factors which are uncontrollable. The company has approaches to improve the production efficiency as well as the cost control in order to reduce the effect on business operation with said risks.

Quantity

Solar rooftops are very popular among household users and industrials. The popularity of the solar rooftops, as an alternative choice of electricity source, has negative impact to the company's income. However, the company has decided to jointly invest in Impact Solar Co., Ltd. The main business purpose is supplying electricity from solar rooftops to businesses in Saha Group Industrial Parks and others businesses.

Risk Management

- The company has been continuously improving the business operation and cost control. The key performance indicators (KPIs) are used and monitored monthly.
- The company has been closely monitoring on the investment in renewable energy businesses based on the national power development plan (PDP)
- The company has been closely monitoring on news and any development in the industry.

1.9 Risks of Purchasing Products via Major Shareholders

Regarding to distributing electricity and steam to various factories in Saha Group Industrial Park, Sriracha, the income was estimated 42.16% of Sahacogen and affiliates' consolidated income. Such purchase is made between Sahacongen (Chonburi) Public Company Limited and Saha Pathana Inter-Holding Public Company Limited, which is its major shareholder and consumer. Regarding to service, the company provides staff to coordinate with Saha Pathana Inter-Holding Public Company Limited as well as terminal users closely. Therefore, the company sees problems and obstacles which can be solved immediately. Risks of purchase and sale via shareholders are deemed low.

Risk Management

- The company has service and support department working as the customers' coordinators so that the company knows the feedbacks and be able to tackle with problems immediately.
- The company focuses on maintaining good relationship with customers and service improvement.
- The company strives for good quality of service and customers' satisfaction.
- The company has customers' satisfaction survey on regular basis.
- The company monitors the change in major shareholders.

2. Risks in Production Process

2.1 Risks in the Process of Plant Construction/ Delay of Future Projects

There is no project under construction.

2.2 Risks of Human Resource Scarcity

Sahacogen and affiliates run business producing mainly electricity and steam, which is not necessary to require large number of laborer. However, some specialists are also needed. The company has approaches to manage and develop human resources effectively; therefore, lack of laborer is considered as low level of risk.

Risk Management

- The company has fair employees' benefit and compensation.
- The company has a competency based development plan for employees.
- The company provides fundamental training courses called "the training roadmap: TRM"
- The company has knowledge sharing projects.
- The company has succession plan and manual for execution.

2.3 Risk of the Scarcity of Fuel to be Used in Electricity Generating Process

2.3.1 Risk of the Scarcity of Fuel

The scarcity of fuel in the production process, such as natural gas and biomass, could lead to the operation halt. The company might encounter with revenue loss and a fine or compensation for damage. These raw materials deficient situation could take place after the rising in demand and the fluctuation in price. Sahacogen and affiliates have implemented the methods to prevent and reduce the scarcity risk.

Sriracha power plant uses natural gas as the fuel in electricity and steam generating process. The company has signed a long term contract to purchase natural gas from the PTT Public Company Limited for 21 years with 4 years extendable. Presently, such term of contract has 6 years left.

Risk Management

- The company has been strictly complying with conditions in the agreement.
- The company focuses on maintaining good relationship.
- The company will be actively monitoring on news and business circumstances.

Lamphun power plant uses biomass as the fuel in electricity and steam generating process. Since biomass is the by-product from agricultural activities, its quantity and price are varying based on the agricultural industry. The company has managed by planting fast growing plants throughout the region and also has the research center to study about fast growing plants in Kabinburi, Prachinburi and Muang, Lamphun for energy purpose to ensure the company will be sustainable. Moreover, the company has many biomass procurement centers to purchase biomass from farmers. The center also manages the reserve level by monthly monitoring to ensure business continuity.

Risk Management

- The company has business improvement, cost control and monthly process evaluation based on KPI.
- The company focuses on maintaining good relationship with partners.
- The company will actively monitor biomass market.
- The company will be actively monitoring on news and business circumstances.

Kamphaengphet power plant uses biomass as the fuel in electricity and steam generating process. Since biomass is the by-product from agricultural activities, its quantity and price are varying based on the agricultural industry also. The company has signed a 25-year contract to purchase biomass from Siam Forest Tree Company Limited, a jointed investment company which is the twenty-five percent shareholder and organizes monthly meeting with such joint venture partner for monitoring and business planning. The company also manages the reserve level of fuel to ensure business continuity.

Risk Management

- The company has business improvement, cost control and monthly process evaluation based on KPI.
- The company focuses on maintaining good relationship with partners.
- The company will actively monitor biomass market.
- The company will be actively monitoring on news and business circumstances.

2.3.2 Risk of the Scarcity of Raw Water as the Raw Material in Generating Electricity

Raw water is key material for producing electricity and steam. The scarcity of raw water could lead to the operation halt. The risk of raw water scarcity is based on changes in seasonality. Sahacogen and its affiliates have policies managing the raw water resources to ensure the sufficient level by adjusting the reserve water level, which can be described as following;

Sriracha power plant has a 25-year contract to secure the raw water supply from the Eastern Water Resources Development and Management Public Company Limited. Presently, the contract term is 6 years left. Furthermore, the company also has another source of raw water which is the water reservoir located in the area of Saha Group Industrial Park, Sriracha, Chonburi and 2,000 cubic meters retention pond within the power plant.

Lamphun power plant has a long contract for the plant's useful life for raw water supply with Saha Pathana Inter-Holding Public Company Limited, which is its major shareholder. Then, risks of termination of contract are deemed low.

Kamphaengphet power plant has big raw water reservoir and has granted to use water from Kamphaengphet Irrigation Project.

Risk Management

- The company focuses on maintaining good relationship with partners.
- The company has been strictly complying with conditions in the agreement.
- The company will be actively monitoring on news and business circumstances.

The current operation under this water management scheme and plan to use water most efficiently has proven no water scarcity problem in the previous year.

2.3.3 Risks of Raw Materials subordinate to Product Price Volatility of the World Market

Sahacongen (Chonburi) Public Co., Ltd. runs business producing electricity and steam and main fuel is natural gas which is considered as cost approximately 66.36% of total cost. In 2018, some natural gas price and exchange rate are referenced to volatility of the World Market. However, energy payment in the Electricity Purchase Agreement with Electricity Generating Authority of Thailand (EGAT) is calculated from energy payment which is variable to actual cost of natural gas. This makes the company receive compensation from the impact of natural gas price volatility for the said agreement with EGAT's case. Regarding to energy payment received from Saha Pathana Inter-Holding Public Company Limited, the payment rate is subject to the energy payment of Provincial Electricity Authority (PEA), which will be possibly changed every 4 months in line with fuel cost named Float Time (FT). If the increase rate of FT does not align with the volatility of natural gas price, the company's performance will be impacted a little in case of electricity sale in factories only.

Risk Management

- The company will be actively monitoring on news and business circumstances.

2.3.4 Risks of Using High Technology or Changing Technology Frequently for Production

The Company has select the most efficient production process to generate electricity and thermal energy in the form of steam, that is called cogeneration combined cycle. Moreover, the Aero Derivate, the gas turbine, has been chosen, which can be adjusted in the wide range on the production toward the demand of electricity of EGAT and the industrial factories that subject to change over the period. In addition, the Company has a good maintenance for stability operation in an effective manner.

Risk Management

- The company will be actively monitoring on news and business circumstances.

2.3.5 Risk Regarding to the Production Efficiency

Electricity generating process efficiency could be evaluated by various indicators. One of the indicators is heat rate, which could lead to an increase in production cost. The power plant service life has the direct impact to this factor. Specifically, the newer and older plants

yield the different heat rates. Sahacogen and affiliates have set the policy to ensure that each power plant will be constantly maintained in good conditions by professionals. Moreover, the management also has measures to make sure all the operational schemes will achieve the goal. The risk preventive measures are as listed below;

Risk Management

- Setting up the prompted schedule for regular machines and equipment check-up and maintenance by specialists
- Setting up the warning system for the crucial information used in electricity generating system
- Managing to remain the inventory at the optimum level for usage and maintenance purpose
- Adopting quality management system (ISO 9001) to ensure that resource will be managed efficiently, operation system and maintenance are controlled effectively as well as generating electricity is in accordance with power generating contracts
- Promoting the continuous learning environment to employees
- The company will be actively monitoring on news and business circumstances.

During last year, Sahacogen and affiliates had been regularly complying with the above procedures. The group is confident that the risk of having problems in terms of power plant efficiency is low.

2.3.6 Risk of Dependence on Operation and Power Plants Maintenance

Sahacogen hires Operational Energy Group Co., Ltd. (OEG) as the contractor on operation and maintenance the company's power plants. However, the risk on contract termination is considered low. This is because of the fact that OEG and the company have a common shareholder namely S&J International Enterprises Public Co., Ltd. In addition, the company has set key performance index that aligns with our own business, which has no effect on operation halt. Sahacogen Green Co., Ltd. and Saha Green Forest Co., Ltd. are operating under Sahacogen's supervision and maintenance.

Risk Management

- The company has continuous development plan for employees.
- The company focuses on maintaining good relationship with partners.
- The company has fixed the operating contracts and plant maintenance contract to the same maturity date of the power purchase agreement.

2.3.7 Risk in Safety, Health, Environment and Society Issues

Sahacogen and affiliates give precedence to the compliance with laws and regulations relating to effects on environment and safety standards. We have a certain unit that keeps track to any change in laws, rules and regulations so that the company will have prompt response with such changes. This unit is responsible for analysis and also managing relationship with local communities.

Sahacogen and affiliates realize that electricity and steam generating business has the risk in terms of health, environment and society issues which could affect the safety and living standard of staff and local residents in the nearby area of the plants using natural gas and biomass as the fuel. The managements set a list of policy to prevent negative effects and reduce the risks as follow;

Risk Management

- Using environment management system (ISO 14001) and occupational health and safety management system (OHSAS 18001 & TIS 18001) to manage health, environment and society operations
- Adopting Sahacogen and affiliates's policy regarding to social responsibility
- Adopting Sahacogen and affiliates's policy regarding to the responsibility of environment, safety and energy conservation
- Adopting process from the group's manual regarding to environment, safety and health as a working guideline and to monitor the process of implementation. In addition
- Adopting the process manual, providing training sessions, practices, creating emergency plan, testing tools and warning system; and strictly comply with the operating manual
- Creating reports that monitor the methods of effect reduction and deliver the results to the Office of Natural Resources and Environmental Policy and Planning, Office of the Energy Regulatory Commission, Department of Industrial Works and Industry Office and other related institutions

2.3.8 The Risk of Biological Resources

Terrestrial biological resources

The company operating sites are located in the developed area. The environmental impact assessment (EIA) has been conducted before setting up the site. The surrounded areas are using for agricultural activities. The company has no harmful actions to cause any damage to the forests, wildlife animals or any nearly extinct creature. Therefore, the impact on the terrestrial biology resources from the company's operation is considered low.

Aquatic biological resources

The company operation is limited in the area of the industrial park. The study shows the nearby areas has a small waterway. The water level will be vary depends on the seasonal effect. The location is not proper for aquatic animals' propagation or fishery activities. The economic impact from the company operation to the aquatic biological resources is considered low.

Risk Management

- The company has setup a unit to promote the compliance with the quality, safety and environment policy. The measurement has been defined to monitor and control the impact to the environment. The company publishes the report of environment impact and the impact mitigation procedure to the authorities twice a year. The

authorities are Office of Natural Resources and Environmental Policy and Planning, Energy Regulatory Commission, Department of Industrial Works, the provincial Industrial Authority and related organization.

The company has been complying with the required standards. There is no complaint from the regulating authorities.

2.3.9 Risk from Accident, Opposition and Sabotage

Sahacogen business has the risk of causing the fire from operational accident. The company has the risk to be opposed by local community. All such risks correlate with the year in service of the power plants, human errors and being the target of saboteurs.

Due to managing such schemes and closely monitoring the situations, the possibility of such risks considered as low level. However, the managements set the specific policy to continuously monitor the process and reduce the risk of such events as following;

Risk Management

- Promoting the habits of diligence and carefulness contrasting with negligence that would lead to consequential damages
- Maintaining machines and equipment and tools by prompted schedule
- Promoting the bond and understanding with local community
- Creating the connection with provincial offices related to the business
- Setting up safety plan with monitoring equipment installation e.g. CCTV camera and practicing the contingency plan
- Signing insurance contracts to cover all risks, machinery breakdown, business interruption, third party liability and ensure the adequacy of compensation in case of such incident

3. Financial Risks

3.1 Risk regarding to changes in free trade rules and regulations

Sahacogen and subsidiaries produce and distribute electricity and steam in Thailand, which is regarded as low risk.

3.2 Risk from loan in other currencies without exchange rate hedging or mismatching of loan with exchange rate risk protection

Company and subsidiaries do not have loan in other currency.

3.3 Risk from loan default

The company and subsidiaries have liabilities with 4 commercial banks. As of December 31, 2018, the company and subsidiaries' outstanding liability is THB 2,788.95 million in total.

| No. | Outstanding amount (THB million) | Due in | Collateral | Conditions |
|--------------|-------------------------------------|---------------|---|---|
| 1 | 241.20 | December 2021 | None | <ul style="list-style-type: none"> Do not use company and subsidiaries' assets as a pledge or causing any obligations over the assets Maintain debt service coverage ratio and pay dividends as specified in the agreements |
| 2 | 138.35 | June 2021 | None | |
| 3 | 300.00 | December 2021 | None | |
| 4 | 466.40 | December 2022 | None | |
| 5 | 765.40 | December 2024 | None | |
| 6 | 644.55 | December 2024 | None | |
| 7 | 233.05 | June 2023 | Land, Buildings and Power plant project in Kamphaeng Phet | |
| Total | 2,788.95 | | | |

If the group company fails to maintain the mentioned conditions, it would be the violation of the loan agreements which could cause the lender to be able to immediately call back the remaining loan. Such situation could affect company's financial liquidity which would reduce the ability to pay dividend. However, the company has been complying on the covenants pays dividend annually and continually since the start of business operation. Then, it has low risk to default on the loans.

Risk Management

- The company and the affiliates have set the procedure to check on the ratios every 3 months and maintain the ratios under the levels stated in the agreements.

3.4 Exchange Rate Risk

Changes in exchange rate between Thai Baht and U.S. Dollar could affect company's revenue. Since revenue from Electricity Generating Authority of Thailand (EGAT) is charged in U.S. Dollar. The electricity capacity payment is 80 percent relies on U.S. Dollar currency. Every one Baht change in exchange rate will has approximately 0.2 percent effect on the company's revenue to be showed in company's financial statement which is considered low impact.

Cost of sales related to foreign currencies is only the maintenance of main machine, which is considered as low in comparison with the total cost of sales. The overall exposure in exchange rate risk is considered low.

Risk Management

- The company has considered to buy the forward exchange contracts in order to protect the company from risk of fluctuation of foreign exchange rate.

3.5 Interest Rate Risk

The company has low interest rate risk of long-term borrowings due to the fact that the company has converted the majority of loan to fixed rate in 2018.

Risk Management

- The company has been strictly complying with conditions in the agreement.

3.6 Risk Regarding to Credit

As of December 31, 2018, the company has account receivable and other receivable THB 593.30 million which is account for 14.10 percent of total revenue. This amount of receivable has not yet due and has been complying with payment schedule. Based on these facts, the company has not yet marked them as doubtful debt. The company sees the potential of the debtors and low risk of debt default since they have been complying on payment schedule and having businesses run as normal in terms of production and products delivery.

Risk Management

- The company focuses on maintaining good relationship with business partners.
- The company has been strictly complying with conditions in the agreement.

3.7 Risk Regarding to Debt Guarantee

The company has a debt guarantee to a jointed investment company to support the business operation based on the percentage of shareholding. The guarantee risk might affect the company operating performance by recording loss in the case that the jointed investment company fails to fulfill the obligation. The asset management unit has been closely monitoring the business operation so that the company can mitigate the risk of default by the investment company.

The guarantee amount as of December 31, 2018 is THB 42 million

4. Risk that will affect rights or investment of company's securities holders

4.1 Risk of having major shareholders holding more than 50 percent in company's shares

The company doesn't have any major shareholder which holds more than 50 percent in company's shares.

4.2 Risk of losing control in subsidiaries which company holds less than 75 percent

The company doesn't have subsidiaries which company has less than 75 percent of shares. Then, the company can handle and manage its subsidiaries' business.

4.3 Risk of debt covenant that has limitation on dividend payment

The company has liabilities with a commercial bank for the normal operation. The loan agreement has covenant that requires company to maintain debt service coverage ratio (DSCR) and debt service coverage ratio with cash (DSCR with cash) not lower than 1.10 and 1.25 times respectively. In 2018, the company has DSCR and DSCR with cash equal to 1.18 and 1.28 times respectively. The company also has net profit and be able to pay dividend annually and continually since the start of business operation. Such risk is considered as low level.

Risk Management

- The company has been strictly complying with conditions in the agreement.

4.4 Risk of having new issue of stocks or convertible securities in large amount that will cause the significant dilution effect

The company will consider about shareholders dilution before making decision to issue large new stocks or convertible securities. Also, we will comply with the Securities and Exchange Commission (SEC) and The Stock Exchange of Thailand (SET) rules and regulations. In the previous year, the company had no new issued stocks or convertible securities.

4.5 Risk of having shareholders' Equity lower than zero which will cause the company's stock trading to be suspended

The company has systematic risk management, risk assessment, and consistent oversight of both short-term and long-term plans. The company has book value as of December 31, 2018 equivalent to THB 2.81 per share. The current book value is higher than the previous year and higher than par value at THB 1. This implies low risk of being suspended.

Risk Management

- The company has been strictly complying with conditions in the agreement.

4.6 Risk of having low level of freefloat shares which cause the low trading liquidity

The amount of minority shareholders (Freefloat) as of March 14, 2018 was 25.32% held by 1,354 people. The Free float shares exceed the standard required by SET. However, the company has good profitability and continuous dividend payment. Based on this fact, investors might have low incentive to trade the securities leading to lower trading liquidity affected on the price and volume. The executives acknowledge of the rules and regulations related to the maintenance of listed company status.

Risk Management

- The executives will continuously monitor the level of free float shares.
- Continuously promote the company's information to indirectly stimulate the trading liquidity.

5. Corruption Risk

The company has well-formed internal control system, righteous code of conducts and business ethics, and the Audit Committee has assigned Dharmniti Internal Audit Company Limited to define such annual audit plan. Moreover, the company received the certification from Thailand's Private Sector Collective Action Coalition against Corruption (CAC) on October 14, 2016 to October 14, 2019. The Audit Committee has assigned Dharmniti Internal Audit Co., Ltd. to set the annual internal control monitoring plan and risk assessment on corruption based on CAC guideline.

Risk Management

- The company has the annual internal control monitoring plan and risk assessment on corruption based on CAC guideline.
- The company has the monitoring system and report findings to the Corporate Governance and Risk Management Committee
- The company provides the training, testing sessions for employees on regular basis.
- The provided Complaint channel contact.

General Information

1. General Information

| | |
|-----------------------------------|--|
| Name | : Sahacogen (Chonburi) Public Company Limited |
| Stock Code | : SCG (Listed on the Stock Exchange of Thailand – SET) |
| Registered Number | : 0107545000306 |
| Registered Date | : November 20, 1996 |
| Registered Date to Public Company | : October 4, 2002 |
| First Trading in the Stock Market | : January 7, 2004 |
| Sector | : Energy & Utilities |
| Industry | : Resources |
| Foreign Limit | : 30.00% |
| Free Float | : 25.32% @ March 14, 2018 |
| Head Office Location | : 636 Moo 11, Sukaphiban 8 Road, Nongkharm, Sriracha, Chonburi 20230 |
| Telephone | : 66 3848 1555 |
| Fax | : 66 3848 1551 |
| Website | : www.sahacogen.com |
| Registered and Paid-up Capital | : 955 Million Baht (including 955,000,000 common shares, Baht 1 per share) |

Contacts

| Department | Telephone | E-mail Address |
|--|--------------------------|--|
| The Board of Director | 038-481555 Ext. 202 | directors@sahacogen.com |
| The Audit Committee | 038-481555 Ext. 203 | auditcommittee@sahacogen.com |
| The Corporate Governance and Risk Management Committee | 038-481555 Ext. 260 | riskcommittee@sahacogen.com |
| The Corporate Social Responsibility Committee | 038-481555 Ext. 290, 291 | pr-csr@sahacogen.com |
| The Managing Director | 038-481555 Ext. 200 | viroj@sahacogen.com |
| The Company Secretary | 038-481555 Ext. 200, 282 | pannee@sahacogen.com |
| Investor Relations | 038-481555 Ext. 200, 282 | investorrelation@sahacogen.com |
| Human Resource | 038-481555 Ext. 242, 243 | hadmin@sahacogen.com |

2. holding structure for companies under Sahacogen & Affiliates

The investment and shareholding in subsidiaries of which their operations are significant and the company has held more than 10% of share, as of December 31, 2018

| Name | Sahacogen Green Co., Ltd. (SGN) | Sahagreen Forest Co., Ltd. (SGF) | Sahagreen Energy Co., Ltd. (SGE) | Impact Solar Limited (ISL) |
|---|--|---|---|--|
| Sector | Energy & Utilities | Energy & Utilities | AGRI | Industrials |
| Industry | Resources | Resources | AGRO | Industrial Materials & Machine |
| Business | Electricity and Steam | Electricity | Biomass wood pellets | Manufacture of electric motors and generators |
| Location | 88 Moo 5, Pasak, Muang, Lamphun 51000 | 88 Moo 6, Khui-Ban-Ong, Phran Kratai, Kamphaengphet 62110 | 113 Moo 15, Wangdan, Kabinburi, Prachinburi 25110 | 999/9 The Offices at CentralWorld 45/F Rama 1 Road, Patumwan, Bangkok 10330 |
| Registration No. | 0255549000766 | 0625551000189 | 0255555000241 | 0105558156308 |
| Telephone No. | 66-5353-7444 | 66-5585-8033 | 66-3720-5745 | 66-2825-9211 |
| Fax No. | 66-5353-7120 | 66-5585-8031 | 66-3720-5746 | 66-2825-9299 |
| Website | www.sahacogen.com | www.sahacogen.com | www.sahacogen.com | www.impact solar.co.th |
| Registered Date | November 2, 2006 | December 18, 2008 | March 16, 2012 | 25 September 2015 |
| Registered Capital | 1,520 Million Baht | 190 Million Baht | 40 Million Baht | 433 Million Baht |
| Type of Shares | Common Shares | Common Shares | Common Shares | Common Shares |
| No. of Total Paid-up Shares | 152,000,000 | 19,000,000 | 4,000,000 | 43,300,000 |
| No. of Shares held (shares) | 151,999,993 | 14,249,997 | 3,999,996 | 9,093,000 |
| No. of Votes | 151,999,993 | 14,249,997 | 3,999,996 | 9,093,000 |
| No. of Shares held (Amount Baht) | 1,519,999,930 | 142,499,970 | 39,999,960 | 90,093,000 |
| Proportion (%) of shares holding | 99.99 | 75 | * | 21 |

Remark: *SGE's shares held by SGN 99.99%.

3. Reference

| | |
|------------------------------|--|
| Regulator (SEC) | : The Securities and Exchange Commission, Thailand 333/3 Vibhavadi-Rangsit Road, Chompon, Chatuchak, Bangkok 10900 Tel. 0-2695-9999 Fax. 0-2695-9660 |
| Regulator (SET) | : The Stock Exchange of Thailand The Stock Exchange of Thailand Building, 93 Ratchadaphisek Road, Dindaeng, Dindaeng, Bangkok 10400 Tel. 0-2009-9000 Fax. 0-2009-9991 |
| Security Registrar | : Thailand Securities Depository Co., Ltd. The Stock Exchange of Thailand Building, 93 Ratchadaphisek Road, Dindaeng, Dindaeng, Bangkok 10400 Tel. 0-2009-9000 Fax. 0-2009-9991 |
| Legal Consultant | : Chandler & Thong-Ek 7th Floor, Bubhagit Building 20 North Sathorn Road, Bangkok 10500 Tel : 0-2266-6485 Fax : 0-2266-6483 |
| Internal Audit | : Dharmniti Internal Audit Co., Ltd. 178 Soi Perm Sup (Prachachuen 20), Prachachuen Road, Bangsue, Bangkok 10800 Tel: 0-2596-0500 Fax: 0-2587-2018 |
| Auditor | : EY Office Limited 193/136-137 Rajadapisek Road, Bangkok 10110 Tel: 0-2264-0777 Fax: 0-2264-0789-90 |
| Financial Institution | : Bangkok Bank Public Company Limited, Head Office Tel: 0-2626-3688 Fax: 0-2231-4018 Siam Commercial Bank Public Company Limited, Head Office Tel: 0-2544-1111 Fax: 0-2544-2658 Kasikorn Bank Public Company Limited, Head Office Tel: 0-2222-0000 Fax: 0-2701-1445 Land And Houses Bank Public Company Limited, Head Office Tel: 0-2359-0000 Fax: 0-2343-8825 Mizuho Bank Limited, Bangkok Branch Tel: 0-2163-2999 Fax: 0-2200-2600 Krung Thai Bank Public Company Limited Head Office Tel: 0-2255-2222 Fax: 0-2255-9391 |

4. Other Significant details

-None -

Shareholders and Management Structure

Equity Structure

| Item | Share (in millions) | Value (million Baht) |
|--------------------|---------------------|----------------------|
| Registered Capital | 955 | 955 |
| Paid-up Capital | 955 | 955 |

- 955 ordinary shares at par value of 1 Baht per share
- The Company has not issued other types of shares having the rights or terms different from ordinary shares. Moreover, the Company has never issued any securities other than the ordinary shares.

Top Ten of Shareholders as the record date for the right to attend meeting on March 14, 2018

| Shareholders | No. of Shares | % Holder | Joint Director |
|--|---------------|----------|----------------|
| 1. Saha Pattana Inter-Holding PLC* | 160,507,132 | 16.81 | ✓ |
| 2. S&J International Enterprises PLC* | 142,255,960 | 14.90 | ✓ |
| 3. I.C.C. International PLC* | 107,932,960 | 11.30 | ✓ |
| 4. Mr. Veerapat Punsak-Udomsin** | 89,975,000 | 9.42 | - |
| 5. Mr. Samreng Manupol** | 80,564,000 | 8.44 | - |
| 6. Saha Pathanapibul PLC* | 74,624,730 | 7.81 | ✓ |
| 7. Thai Wacoal PLC * | 33,800,000 | 3.54 | - |
| 8. International Laboratories Co., Ltd.* | 21,400,000 | 2.24 | - |
| 9. Mr. Boonsithi Chokwatana** | 18,000,000 | 1.88 | ✓ |
| 10. Thanulux PLC* | 17,929,700 | 1.88 | ✓ |

Remark: * Companies in Saha Group or companies which are involved to the executives

** The directors, executives and employees in Saha Group

Shareholding proportion by institutional investors

As of March 14, 2018, shareholding proportion in the company by institutional investors stood at 0.48% of the total issued and paid up stock. This number is less than the criterion regulated in the Corporate Governance of Thailand Listed Companies. It determines that the proportion of institutional investors should be over 5 percent.

Divided by Shareholder's Nationality as of share registration book on March 14, 2018

| Shareholders | Juristic Persons | | | Private Individuals | | |
|--------------|------------------|--------------------|---------------|---------------------|--------------------|--------------|
| | Person | Shares | % | Person | Shares | % |
| Thai | 1,473 | 954,350,000 | 99.93 | 34 | 663,024,183 | 69.43 |
| Foreign | 2 | 650,000 | 0.07 | 1 | 600,000 | 0.06 |
| Total | 1,475 | 955,000,000 | 100.00 | 35 | 663,624,183 | 69.49 |

Shareholding ratio as of share registration book on March 14, 2018

| Shareholders | | | | Juristic Persons | | | Private Individuals | | |
|--|--------------|--------------------|---------------|------------------|--------------------|--------------|---------------------|--------------------|--------------|
| | Person | Shares | % | Person | Shares | % | Person | Shares | % |
| - Holding share over 0.5% | 23 | 868,425,892 | 90.93 | 17 | 648,112,182 | 67.86 | 6 | 220,313,710 | 23.07 |
| - Holding share not over 0.5% but not less than 1 selling unit | 1,350 | 86,572,900 | 9.07 | 18 | 15,512,001 | 1.63 | 1,332 | 71,060,899 | 7.44 |
| - Holding share less than 1 selling unit | 102 | 1,208 | 0.00 | 0 | 0 | 0.00 | 102 | 1,208 | 0.00 |
| Total | 1,475 | 955,000,000 | 100.00 | 35 | 663,624,183 | 69.49 | 1,440 | 291,500,817 | 30.51 |

Note : Shareholders can update their number of shares at www.sahacogen.com before commencement of the annual general meeting of shareholders

Shareholders' Agreement between major shareholders (Shareholder's agreement)

- None -

Issuing other securities

In the past year The Company does not issue any other securities. And no issuance of ordinary shares to increase capital

Dividend Policy

- **Sahacogen (Chonburi) PLC.**

The company has a dividend policy to pay out at least 80% of only its net profits of the separate financial statements attributable to equity holders of the Company in each accounting period. It might occasionally be waived or adjusted if the Board of Directors considers that there are conditions creating the maximum benefit to the shareholders, such as reserves for debt, or funding for business expansion, or serving any needs during the market changes causing adverse impact to the company's cash flow in the future. Reference to the Articles of Association No. 34, each payout of the dividend is subject to the net profit of the company only. If the company retains loss, the dividend payment is prohibited. Upon approval by the Board of Directors, the annual dividend payout is to be presented to the shareholders' meeting for approval. However, the Board of Directors is authorized to pay an interim dividend and report such payout at the next shareholders' meeting. As a rule, the company shall pay the dividend within one (1) month after the date of shareholders' approval on the shareholders' meeting or the Board of Directors' meeting.

The company has paid dividends since 2004, which is the first year that the stock is traded on the stock market at a rate of 0.34 baht / share and is paid continuously every year.

Dividend payment information in the past year

| ผลการดำเนินงาน (ปี) | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 |
|---------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Earnings per share (Baht) | 0.20 | 0.29 | 0.21 | 0.19 | 0.26 | 0.28 | 0.27 | 0.30 | 0.34 |
| Dividend per share (Baht) | 0.12* | 0.15 | 0.14 | 0.10 | 0.18 | 0.20 | 0.18 | 0.15 | 0.18 |
| Payout Ratio (%) | 58.67% | 51.09% | 66.41% | 53.52% | 70.74% | 70.74% | 65.61% | 49.21% | 53.71% |

Note * Dividend payout ratio Which the Board of Directors considered and agreed to propose to the 17th Annual General Meeting of Shareholders on 22 April 2019 to consider and approve

- **Subsidiary Company**

- The dividend payment policy of Sahacogen Green Co., Ltd. and Sahagreen Energy Co., Ltd. is based on the result of their operation.
- The dividend payment policy of Sahagreen Forest Co., Ltd. is to pay out at least 50% of its net profit according to the terms of the joint venture agreement.

Management Structure

1. The Board of Director

1.1 The Board of Directors

Presently, the Board of Directors consists of 13 members, classified into:

- 8 non-executive directors (5 independent directors) or 61.54% of the entire board
- 5 executive directors or 38.46% of the entire board

Name List of the Board of Directors

| Name | | | Boards | | | | | |
|------|-------------------|----------------|----------------------|---------------------|-----------------|---------------------------------------|--|---|
| | | | Board of Director | Executive Committee | Audit Committee | Nomination and Remuneration Committee | Corporate Governance and Risk Management Committee | Corporate Social Responsibility Committee |
| 1 | Mr. Sujarit | Patchimnun | Chairman | - | - | Chairman | - | - |
| 2 | Mr. Boonkiet | Chokwatana | Director | - | - | Director | - | - |
| 3 | Mr. Thirasak | Vikitset | Director | Chairman | - | Director | - | - |
| 4 | Mr. Atthakorn | Glankwamdee | Director | Director | - | - | - | - |
| 5 | Mr. Viroj | Theeravatvatee | Director | Managing Director | - | - | - | Chairman |
| 6 | Mr. Suthep | Dansiriviroj | Director | Director | - | - | Chairman | - |
| 7 | Mr.Sontaya | Tabkhan | Director | Director | - | - | - | - |
| 8 | Mr.Vichai | Kulsomphob | Director | - | - | - | - | - |
| 9 | Mr. Nophorn | Bhongsvej | Independent Director | - | Chairman | Director | - | - |
| 10 | Pol. Gen. Somchai | Prabhasabhakdi | Independent Director | - | Director | - | - | - |
| 11 | Mr. Amorn | Asvanunt | Independent Director | - | Director | - | - | - |
| 12 | Mr. Boonyarith | Mahamontri | Independent Director | - | - | - | - | - |
| 13 | Admiral Apiwat | Srivardhana | Independent Director | - | - | - | - | - |

Remark : Qualification standards for independent directors and the Audit Committee are in accordance with the provisions set forth in related announcements.

Directors with authority to sign on behalf of the company

The Directors whose signatures are recognized as binding for the Company consist of the two jointly signatures of either Mr. Thirasak Vikitset, or Mr. Atthakorn Glankwamdee or Mr. Suthep Dansiriviroj or Mr. Vichai Kulsomphob and the signature of Mr. Boonkiet Chokwatana or Mr. Viroj Theeravatvatee or Mr. Sujarit Patchimnun or Mr. Sontaya Tabkhan together with the company's seal.

1.2 Personal information of company directors

The Detail of personal information of the company directors were written in the Form 56-1 via section "Personal information of the company directors, management members, authorities and company secretary" and section "Personal information of the subsidiary directors".

1.3 The number of Directors' meetings; the summary of the attendance records in 2018 were described as follows;

| Name | | | Boards | | | | | | | | | | | | | |
|------|-------------------|----------------|-------------------------------|---------|--------------------|---------|---------------------|---------|-----------------|---------|-------------------------------------|---------|--|---------|---|---------|
| | | | General Shareholders' Meeting | | Board of Committee | | Executive Committee | | Audit Committee | | Nomination & Remuneration Committee | | Corporate Governance and Risk Management Committee | | Corporate Social Responsibility Committee | |
| | | | Amount | Percent | Amount | Percent | Amount | Percent | Amount | Percent | Amount | Percent | Amount | Percent | Amount | Percent |
| 1 | Mr. Sujarit | Patchimnun | 1/1 | 100 | 7/7 | 100 | - | - | - | - | 2/2 | 100 | - | - | - | - |
| 2 | Mr. Boonsithi | Chokwatana* | 1/1 | 100 | 2/7 | 28.56 | - | - | - | - | - | - | - | - | - | - |
| 3 | Mr. Boonkiet | Chokwatana | 1/1 | 100 | 7/7 | 100 | - | - | - | - | 2/2 | 100 | - | - | - | - |
| 4 | Mr. Thirasak | Vikitset | 1/1 | 100 | 7/7 | 100 | 6/9 | 66.66 | - | - | 1/2 | 50 | - | - | - | - |
| 5 | Mr. Atthakorn | Glankwamdee | 1/1 | 100 | 7/7 | 100 | 8/9 | 88.88 | - | - | - | - | - | - | - | - |
| 6 | Mr. Viroj | Theeravatvatee | 1/1 | 100 | 7/7 | 100 | 9/9 | 100 | - | - | - | - | - | - | 3/3 | 100 |
| 7 | Mr. Suthep | Dansiriviroj | 1/1 | 100 | 7/7 | 100 | 9/9 | 100 | - | - | - | - | 4/4 | 100 | - | - |
| 8 | Mr.Sontaya | Tabkhan** | - | - | 5/7 | 71.40 | 6/9 | 66.66 | - | - | - | - | - | - | - | - |
| 9 | Mr.Vichai | Kulsompob** | - | - | 5/7 | 71.40 | - | - | - | - | - | - | - | - | - | - |
| 10 | Mr. Nophorn | Bhongsvej | 1/1 | 100 | 7/7 | 100 | - | - | 4/4 | 100 | 2/2 | 100 | - | - | - | - |
| 11 | Pol. Gen. Somchai | Prabhasabhakdi | 1/1 | 100 | 6/7 | 85.68 | - | - | 4/4 | 100 | - | - | - | - | - | - |
| 12 | Mr. Amorn | Asvanunt | 1/1 | 100 | 6/7 | 85.68 | - | - | 3/4 | 75 | - | - | - | - | - | - |
| 13 | Mr. Boonyarith | Mahamontri | 1/1 | 100 | 5/7 | 71.40 | - | - | - | - | - | - | - | - | - | - |
| 14 | Admiral Apiwat | Srividhana | 1/1 | 100 | 6/7 | 85.68 | - | - | - | - | - | - | - | - | - | - |
| 15 | Mr. Teerayuth | Kaewcoon | - | - | - | - | - | - | - | - | - | - | 4/4 | 100 | 3/3 | 100 |
| 16 | Mr. Apipong | Vischuveskamin | - | - | - | - | - | - | - | - | - | - | 3/4 | 75 | 3/3 | 100 |
| 17 | Mr. Thanawat | Kamsri | - | - | - | - | - | - | - | - | - | - | 4/4 | 100 | 3/3 | 100 |
| 18 | Mr. Nattawut | Yawaprapas | - | - | - | - | - | - | - | - | - | - | 4/4 | 100 | - | - |
| 19 | Miss Naiyachan | Chongkolvanich | - | - | - | - | - | - | - | - | - | - | 4/4 | 100 | - | - |
| 20 | Mrs. Uthoornporn | Sinprajakpol | - | - | - | - | - | - | - | - | - | - | 4/4 | 100 | - | - |
| 21 | Mr. Pomsak | Chuamuangphan | - | - | - | - | - | - | - | - | - | - | - | - | 3/3 | 100 |
| 22 | Mr.Wattana | Suninlahong*** | - | - | - | - | - | - | - | - | - | - | 2/4 | 50 | 2/3 | 66.66 |

* Expiration of term on April 23, 2018

** He has been appointed as on May 23, 2018.

*** He has been appointed as the Corporate Governance and Risk Management Committee and Corporate Social Responsibility Committee on May 9, 2018.

The summary of the directors attending the meeting of the Company's subsidiaries was described as follows;

| Name | Subsidiaries | | | | | |
|------------------------------|---------------------------|------------|----------------------------|------------|----------------------------|------------|
| | Sahacogen Green Co., Ltd. | | Sahagreen Forest Co., Ltd. | | Sahagreen Energy Co., Ltd. | |
| | Position | Attendance | Position | Attendance | Position | Attendance |
| 1. Mr. Sujarit Patchimnun | Chairman | 4/5 | Chairman | 3/4 | | |
| 2. Mr. Thirasak Vikitset | Director | 4/5 | Director | 3/4 | Chairman | 2/3 |
| 3. Mr. Boonkiet Chokwatana | Director | 3/5 | | | | |
| 4. Mr. Atthakorn Glankwamdee | Director | 4/5 | Director | 4/4 | | |
| 5. Mr. Viroj Theeravatvatee | Managing Director | 5/5 | Director | 4/4 | Managing Director | 3/3 |
| 6. Mr. Suthep Dansiriviroj | | | | | Director | 3/3 |
| 7. Mr. Sontaya Tabkhan | Director | 5/5 | | | Director | 3/3 |
| 8. Mr. Apipong Vischueskamin | | | Managing Director | 4/4 | | |
| 9. Mr. Mahasan Thieravarut | | | Director | 1/4 | | |
| 10. Mr. Panya Sopasriphan | | | Director | 4/4 | | |

1.4 Controller

No controller has the influence on the company's management policy or any business operation in such manner deemed as significant.

2. The Management

2.1 The Management

On December 31, 2018, 9 management members were authorized to be responsible for their duties in accordance with the company's policies.

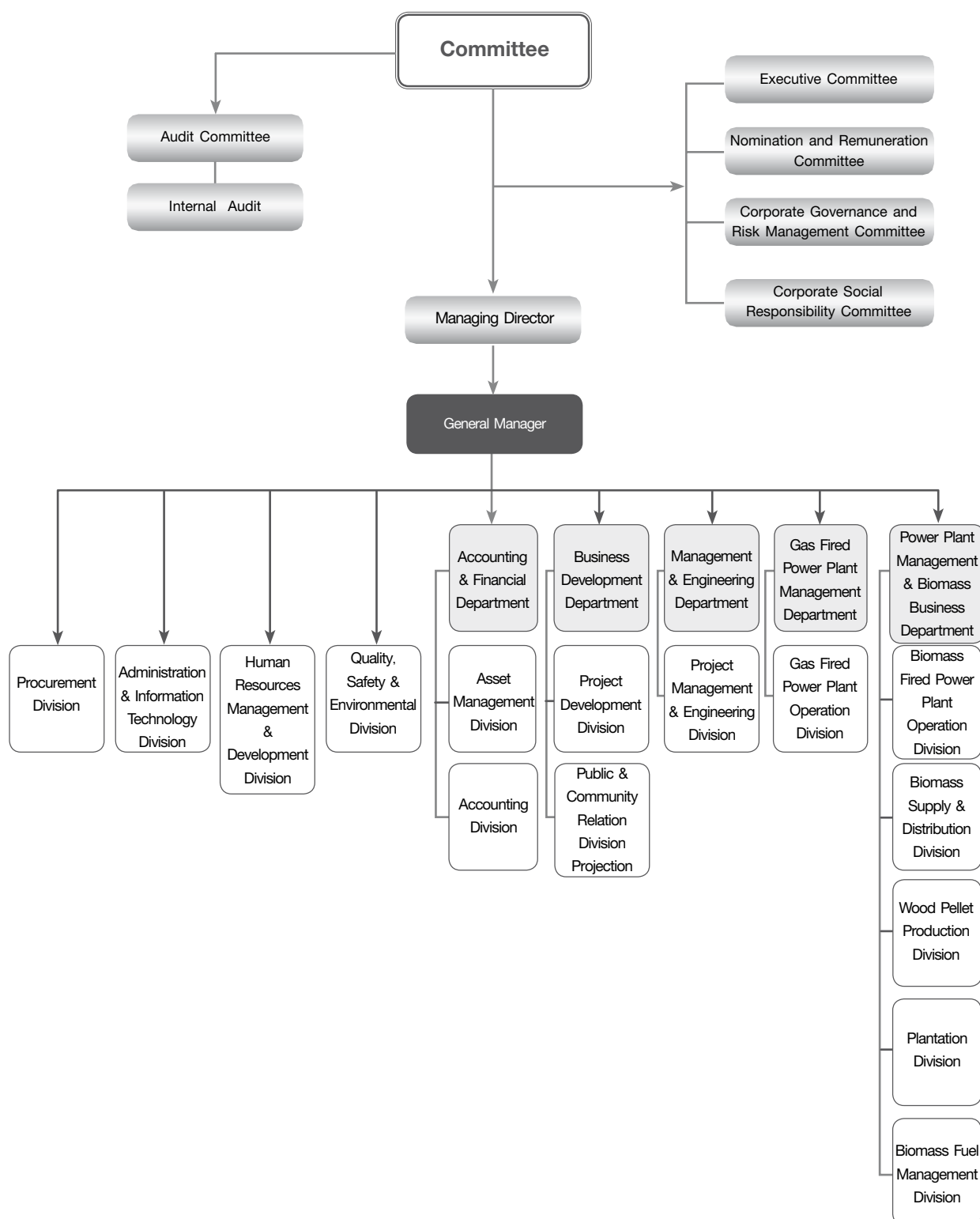
| Name | Position |
|-------------------------------|--|
| 1. Mr. Thirasak Vikitset | Chairman of Executive Committee/ Executive Committee |
| 2. Mr. Viroj Theeravatvatee* | Managing Director / Executive Committee |
| 3. Mr. Atthakorn Glankwamdee | Executive Committee |
| 4. Mr. Suthep Dansiriviroj | Executive Committee |
| 5. Mr. Sontaya Tabkhan | Executive Committee |
| 6. Mr. Teerayuth Kaewcoon* | General Manager / Accounting & Finance Department Manager |
| 7. Mr. Apipong Vischueskamin* | Business Development Department Manager |
| 8. Mr. Thanawat Kamsri* | Power Plant Management & Biomass Business Department Manager |
| 9. Miss Penpak Vongrakvanich* | Accounting Division Manager |

Remark : *management members are defined about authorities and responsibilities in accordance with the Securities and Exchange Commission.

2.2 Personal information of management members

The detail of personal information of the management members were written in the Form 56-1 via section "Personal information of the company directors, management members, authorities and company secretary".

2.3 The Company Structure as of December 31, 2018



3. Company Secretary

The Board of Directors has appointed Mrs. Pannee Chantavoraluk, who is qualified, with sound knowledge and experiences, as the Company Secretary effective on March 28, 2008 (her education and working experience written on section Personal information of the company directors, management members, authorities and company secretary"). The responsibilities and duties are stipulated in line with the Securities and Exchange Act (no. 4) B.E. 2551, together with other duties assigned by The Board of Directors.

The Company Secretary was assigned the following responsibilities:

1. To provide preliminary advice pertaining to laws, regulations and articles of the company, and to monitor proper and regular compliance, as well as to report any significant changes to the Board.
2. To coordinate between the company directors and the management, to supervise and coordinate matters pertaining to the relevant laws and regulations, including proceedings to ensure compliance with resolutions of The Board of Directors.
3. To organize shareholders' meeting and the Board of Directors' meeting in accordance with laws, company articles and other directives.
4. To record minutes of the shareholders' meeting and the Board of Directors' meeting as well as to monitor compliance with resolutions of the shareholders' meeting and the Board of Directors' meeting.
5. To oversee the disclosure of information and file the relevant reports under the rules and regulations of the Securities and Exchange Commission and the Stock Exchange of Thailand.
6. To prepare and archive the following documents:
 - Directors' register
 - Notice of the Board of Directors' meeting and minutes of the Board of Directors' meeting
 - Notice of the shareholders' meeting and minutes of shareholders' meeting.
 - Annual registration statement (Form 56-1) and Annual report (Form 56-2).
7. To maintain report of interest reports filed by directors or executives.
8. To carry out other proceedings as prescribed by the Capital Market Supervisory Board.

4. Remuneration for the directors and management members

4.1 Remuneration policy and criteria for the directors and management members

The Board of Directors has appointed the Nomination and Remuneration Committee to set the budget and allocation criteria for the directors, on a comparative basis with other companies in the same business category. Consideration were given to such areas as, expansion in the company's business activities, business growth rate, operating results, together with proper reference to the authority, duty, responsibility scope, and performances by the directors, for setting the criteria on meeting allowance and yearly remuneration. Said resolution would be forwarded to the Board of Directors' meeting for their consideration prior to submitting to the shareholders' meeting for final approval of mentioned remuneration budget.

For the remuneration authorization for top management and other management members would be required to follow the criteria set forth by the company, in term of the duty evaluation and responsibility scope, as well as the performance results by the top management and management members, who would be entitled to such same remuneration criteria.

4.2 Remuneration amount

(A) Remuneration for the company directors

The remuneration, which was approved by the annual general shareholders' meeting, is 10 million Baht unchangeably. The disbursement of said remuneration budget required the consideration by the Nomination and Remuneration Committee, and the approval of the Board of Directors, with such disbursement not exceeding the budget amount earlier approved by the shareholders' meeting.

Structure of remuneration for the company directors

The company had set the same remuneration structure for the company directors, regardless of whether they also served as members of the Management or not, by classifying remuneration categories as follows:

- 1. Annual remuneration** : paid to all directors, based on the consideration by the Nomination and Remuneration Committee, which was presented to the Board of Director.
- 2. Meeting allowance** : paid to all directors attending the meeting. In case of more than 1 meeting per month, the said allowance was not supposed to be paid more than one time.

Payment details of meeting allowance payments were summarized as below:

| | Position | 2017 | 2018 |
|---|-------------------|--|--|
| 1. The Board of Directors | Chairman Director | Baht 20,000/ time Baht 10,000/ time | Baht 20,000/ time Baht 10,000/ time |
| 2. The Audit Committee | Chairman Director | Baht 10,000/ time Baht 10,000/ time | Baht 10,000/ time Baht 10,000/ time |
| 3. The Executive Committee | Chairman Director | Baht 10,000/ time Baht 10,000/ time | Baht 10,000/ time Baht 10,000/ time |
| 4. The Nomination and Remuneration Committee | Chairman Director | Baht 5,000/ time Baht 5,000/ time | Baht 5,000/ time Baht 5,000/ time |
| 5. The Corporate Governance and Risk Management Committee | Chairman Director | Baht 5,000/ time Baht 5,000/ time | Baht 5,000/ time Baht 5,000/ time |
| 6. The Corporate Social Responsibility Committee | Chairman Director | Baht 5,000/ time Baht 5,000/ time | Baht 5,000/ time Baht 5,000/ time |

- 3. Other benefits** : - None -

Payment details for remuneration of The Board of Directors and other committees

Unit: Baht

| Remuneration details | 2017 | | 2018 | |
|--|-------------------|---------------------|-------------------|---------------------|
| | Meeting Allowance | Annual Remuneration | Meeting | Annual Remuneration |
| The Board of Director | 790,000 | 2,630,000 | 900,000 | 7,665,000 |
| The Executive Committee | 450,000 | - | 350,000 | - |
| The Audit Committee | 120,000 | - | 110,000 | - |
| The Nomination and Remuneration Committee | 40,000 | - | 35,000 | - |
| The Corporate Governance and Risk Management Committee | 140,000 | - | 145,000 | - |
| The Corporate Social Responsibility Committee | 60,000 | - | 85,000 | - |
| Total | 1,600,000 | 2,630,000 | 1,625,000 | 7,665,000 |
| Grand Total | 4,230,000 | | 9,290,000 | |
| Board approved | 10,000,000 | | 10,000,000 | |

The independent directors are not independent directors of the parent company, subsidiaries, same-level subsidiaries. Therefore, the company did not make any other remuneration payment to independent directors

Payment details for remuneration of the company directors in 2018.

| Name | Remuneration (Baht) | | | | | | | | Total |
|--------------------------------------|---------------------|---------------------|-----------------|---------------------------------------|--|---|-------------------------|---------------------|------------------|
| | Board of Director | Executive Committee | Audit Committee | Nomination and Remuneration Committee | Corporate Governance and Risk Management Committee | Corporate Social Responsibility Committee | Total Meeting Allowance | Annual Remuneration | |
| 1. Mr. Sujarit Patchimnun | 140,000 | - | - | 10,000 | - | - | 150,000 | 470,000 | 620,000 |
| 2. Mr. Boonsithi Chokwatan* | 20,000 | - | - | - | - | - | 20,000 | 350,000 | 370,000 |
| 3. Mr. Boonkiet Chokwatana | 70,000 | - | - | 10,000 | - | - | 80,000 | 350,000 | 430,000 |
| 4. Mr. Thirasak Vikitset | 70,000 | 40,000 | - | 5,000 | - | - | 115,000 | 1,400,000 | 1,515,000 |
| 5. Mr. Atthakorn Glankwamdee | 60,000 | 60,000 | - | - | - | - | 120,000 | 1,000,000 | 1,120,000 |
| 6. Mr. Tanong Srithit* | - | - | - | - | - | - | - | 350,000 | 350,000 |
| 7. Mr. Viroj Theeravatee | 70,000 | 70,000 | - | - | - | 15,000 | 155,000 | 1,500,000 | 1,655,000 |
| 8. Mr. Suthep Dansiriviroj | 70,000 | 70,000 | - | - | 20,000 | - | 160,000 | 375,000 | 535,000 |
| 9. Mr. Sontaya Tabkhan** | 50,000 | 40,000 | - | - | - | - | 90,000 | - | 90,000 |
| 10. Mr. Vichai Kulsomphob** | 50,000 | - | - | - | - | - | 50,000 | - | 50,000 |
| 11. Mr. Nophorn Bhongsvej | 70,000 | - | 40,000 | 10,000 | - | - | 120,000 | 470,000 | 590,000 |
| 12. Pol. Gen. Somchai Prabhasabhakdi | 60,000 | - | 40,000 | - | - | - | 100,000 | 350,000 | 450,000 |
| 13. Mr. Amorn Asvanunt | 60,000 | - | 30,000 | - | - | - | 90,000 | 350,000 | 440,000 |
| 14. Mr. Boonyarith Mahamontri | 50,000 | - | - | - | - | - | 50,000 | 350,000 | 400,000 |
| 15. Admiral Apiwat Srivardhana | 60,000 | - | - | - | - | - | 60,000 | 350,000 | 410,000 |
| Total | 900,000 | 280,000 | 110,000 | 35,000 | 20,000 | 15,000 | 1,360,000 | 7,665,000 | 9,025,000 |

* Expiration of term on April 23, 2018 ** He has been appointed as on May 23, 2018.

| Name | 2017 | | 2018 | |
|-------------------------------------|------------------------|----------------------|------------------------|----------------------|
| | Annual Remuneration | Meeting Allowance | Annual Remuneration | Meeting Allowance |
| 1 Mr. Sujarit Patchimnun | 160,000 | 130,000 | 470,000 | 150,000 |
| 2 Mr. Boonsithi Chokwatana* | 120,000 | 60,000 | 350,000 | 20,000 |
| 3 Mr. Boonkiet Chokwatana | 120,000 | 60,000 | 350,000 | 80,000 |
| 4 Mr. Thirasak Vikitset | 500,000 | 140,000 | 1,400,000 | 115,000 |
| 5 Mr. Atthakorn Glankwamdee | 350,000 | 140,000 | 1,000,000 | 120,000 |
| 6 Mr. Tanong Srichit | 120,000 | 70,000 | 350,000 | - |
| 7 Mr. Viroj Theeravatvatee | 500,000 | 150,000 | 1,500,000 | 155,000 |
| 8 Mr. Suthep Dansiriviroj | 120,000 | 160,000 | 375,000 | 160,000 |
| 9 Mr.Sontaya Tabkhan | - | - | - | 90,000 |
| 10 Mr.Vichai Kulsomphob** | - | - | - | 50,000 |
| 11 Mr. Nophorn Bhongsvej | 160,000 | 110,000 | 470,000 | 120,000 |
| 12 Pol. Gen. Somchai Prabhasabhakdi | 120,000 | 100,000 | 350,000 | 100,000 |
| 13 Mr. Amorn Asvanunt | 120,000 | 100,000 | 350,000 | 90,000 |
| 14 Admiral Apiwat Srivardhana | 120,000 | 60,000 | 350,000 | 50,000 |
| 15 Mr. Boonyarith Mahamontri | 120,000 | 40,000 | 350,000 | 60,000 |
| Total | 2,630,000 | 1,320,000 | 7,665,000 | 1,360,000 |
| Grand Total | 3,950,000 | | 9,025,000 | |

* Expiration of term on April 23 , 2018

** He has been appointed as on May 23, 2018.

Remuneration details for the directors of the Company's subsidiaries in 2018 as below:

- Sahacogen Green Co., Ltd. : None
- Sahagreen Energy Co., Ltd. : None
- Sahagreen Forest Co., Ltd. : 500,000 Baht

| Name | | | 2017 | | 2018 | |
|--------------------|---------------|----------------|---------------------|-------------------|---------------------|-------------------|
| | | | Annual Remuneration | Meeting Allowance | Annual Remuneration | Meeting Allowance |
| 1 | Mr. Sujarit | Patchimnun | 50,000 | - | 80,000 | - |
| 2. | Mr. Thirasak | Vikitset | 50,000 | - | 70,000 | - |
| 3. | Mr. Atthakorn | Glankwamdee | 50,000 | - | 60,000 | - |
| 4. | Mr. Viroj | Theeravatee | 50,000 | - | 70,000 | - |
| 5. | Mr. Apipong | Vischuveskamin | 50,000 | - | 90,000 | - |
| 6. | Mr. Panya | Sopasripun | 50,000 | - | 65,000 | - |
| 7. | Mr. Mahasan | Thieravarut | 50,000 | - | 65,000 | - |
| Total | | | 350,000 | - | 500,000 | - |
| Grand Total | | | 350,000 | | 500,000 | |

Remark : For the remuneration of directors for the year 2018 according to the resolution of the shareholders' meeting held on March 13, 2018.

- (B) Remuneration for management members:** Referred to the remuneration for the Executive Board members, the 4 top-ranking executives under the Managing Director, and other executives in the same level as the 4th ranking executive. The remuneration details were classified into salary and patron accorded their status as company employees. (The company disclosed in the annual report, the topic of corporate governance: ethics in business operations, clause 6, employees)

Remuneration for Executive Board and its executives

(Unit : Million Baht)

| Remuneration | 2017 | | 2018 | |
|-------------------|-------|--------|-------|--------|
| | Total | Amount | Total | Amount |
| Salary and Patron | 9 | 21.69 | 9 | 21.13 |

4.3 Other Remuneration

The company has established welfare and other compensations apart from salary and bonus contribution to the management and all employees. These reflect domestic economic conditions such as the provident fund, health, life and accident insurance, in accordance with the company's policy and regulations related to the operational performance. The Company has no policy to pay other remuneration except the remuneration of directors or employee. There are no shares, debentures or other securities are given to executive directors.

(A) Other remuneration for the company directors

- None -

(B) Other remuneration for management members

The Executive Directors, together with the 4 top-ranking executives under the Managing Director, and other executives in the same level as the 4th ranking executive, altogether received the company's contribution to their provident funds.

Other remuneration details for management members

| Other Remuneration | 2017 | | 2018 | |
|-----------------------------|----------|----------------|----------|----------------|
| | Total | Amount (Baht) | Total | Amount (Baht) |
| Provident fund contribution | 9 | 725,925 | 9 | 745,917 |
| Total | 9 | 725,925 | 9 | 745,917 |

5. Employees

5.1 Total number of employees and total remuneration

| Department | Sahacogen (Chonburi) Plc. | Sahacogen Green Co., Ltd. | Sahagreen Forest Co., Ltd. | Sahagreen Energy Co., Ltd. |
|------------------------------------|---------------------------------|---------------------------------|----------------------------------|----------------------------------|
| Office and Support | 43 | 41 | 7 | 2 |
| Operation | 15 | 45 | 38 | - |
| Total | 58 | 86 | 45 | 2 |
| Remuneration (Million Baht) | 59.18 | 30.09 | 16.98 | 0.58 |
| Labor Dispute | - None - | - None - | - None - | - None - |

Total remuneration of employees is salary, overtime wage, allowance, fringe benefit, and provident fund.

5.2 Compensation policy

Salary, Wages and Compensation

Sahacogen group puts the priority to the fairness in compensation policy. The compensation will be considered based on individual responsibilities and gender equality. The payment will be constantly monitored to be in line with industry standard in order to attract new talents and motivate the existing employees.

1. **Short-term compensation** includes salary and company's subsidy. The compensation will be based on company's growth, operating result, inflation, individual responsibilities and appraisal results. The individual performance will be annually reviewed by supervisor based on set competency and key performance indicators (KPIs). The payment will be comply with the company's rule under the topic of annual bonus.
2. **Long-term compensation**
 - Provident fund
 - Long-term service rewards for employees with 10 and 20 years record
 - Retirement fund
 - The support for career advancement based on career path

The employee stock options program (ESOP) and the employee joint-investment program (EJIP) are not the major factor that will retain the company executives and employees. The ones receiving such benefit will be subjected to the individual income tax. The Board of Directors will consider about this type of benefit depending on the situation and appropriateness.

Employee Benefits

Sahacogen group pays attention to employees' wellness. The 6 guidelines to employees' happiness were conducted and called "Sahacogen Happy Family". The company also has the employee benefits committee to enhance the involvement of the employees in managing the activities in this project.

Sahacogen Happy Family Project composes of 6 topics.

1. **Happy Health (Being Healthy)**
 - Provide life insurance and health insurance for employees and their family members
 - Provide annual health checkup service and risk-based health checkup service
 - Provide information about basic health care topic including HIV protection
 - Provide medical supplies
 - Organize the company sport day
2. **Happy Heart (Being Kind)**
 - Send company representatives to visit sick employees
 - Provide support fund for the employees' parents or spouse funeral
 - Promote blood donation for the Thai Red Cross Society
 - Provide support to local communities via "Sahacogen Ruamjai Mob I Aun Sang Roiyim" project
3. **Happy Brain (Support continuous learning process)**
 - Support learning activities both on the job and after work
 - Provide training courses and seminar
 - Provide E-Learning system, VDO, Internet and intranet facilities
4. **Happy Soul (Morality)**
 - Organize events for traditional and cultural holidays
 - Organize events or making merit on traditional, cultural and/or religious holidays

5. Happy Family

- Provide provident fund: The Company supports by adding 5% of wages into the fund. Employees are allowed to add to the fund at the higher rate but no more than 15% of wage as required by law.
- Provide gratuity as the rewards for retirement
- Provide Co-op service for employees in Sahaphat group
- Provide housing loan service together with the Government Housing Bank (GH Bank)
- Provide support fund for family when employee passes away
- Organize “Sahacogen Family Day”

6. Happy Society

- Support Anti-drug project
- Support public service project to do activities for society

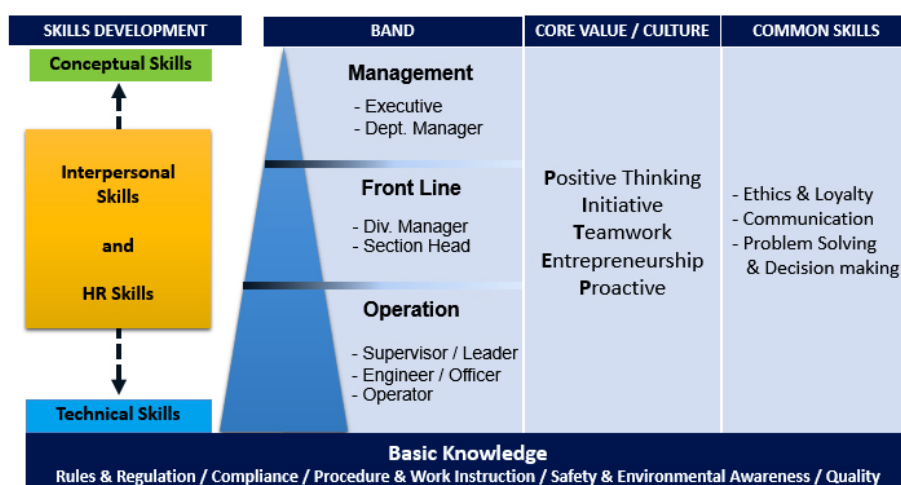
Channel of Communication

Sahacogen group is open to messages from employees by providing channels for communication such as comment box and intranet message. Suggestions and comments will be reported to the Board of Directors for discussion. The fair treatment for employees at all level is the standard the company holds on to. The whistle-blower will be protected.

Sahacogen group has set monthly meeting to allow employees to express their ideas to the sub-committee. The meeting’s objective is creating the understanding and bonded relationship within the organization.

5.3 Human Resources Development

Sahacogen and affiliates realize the potential of employees and regards them as a valuable resource for leading the Company to the efficient growth. As a consequence, the company focuses on developing and enhancing human resource capabilities to serve the company’s goals, policies and strategic direction.



This table depicts the group of company's human resource development policy. Sahacogen group focuses on enhancing employees' capabilities at all levels. The development plan can be divided into 4 main groups.

- 1) **Basic knowledge trainings** are courses that focus on providing basic information that is useful for the new employees. The examples are rules, workflow and procedure, quality management, safety standard, occupational health and environment.
- 2) **Common skills trainings** are useful for employees in every function. The training topics will cover ethics, morality, honesty, ability to work as a team, communication skill, and decision making skills.
- 3) **Core value enhancement courses** are aiming to create corporate culture set the guideline for code of conduct among employees "PITEP". The example of the topic covered in this group are positive thinking (P), innovative ideas(I), working as a team (T), entrepreneurship (E) and proactive work style. (P)
- 4) **The knowledge and skills development based on job position can be divided into 3 levels.**
 - **Management level:** adding visionary idea, planning skill, proactive thinking skill, for running business in the changing circumstance
 - **Front Line level:** adding management skills to effectively serve the company's goals and direction as well as creating pleasant teamwork environment.
 - **Operational level:** adding knowledge and skill based on the scope of work. The main purpose is focusing on customers' needs. The trainings will be provided in different methods such as internal training, external training, on the job training, job delegation and coaching.

The Human Resource Department has set the development plan to ensure employees at all levels will be equipped. The training methods will be provided in various ways.

1. Training

These competencies will be used in analyzing and defining the training courses for each individual which is called “Training Roadmap: TRM”

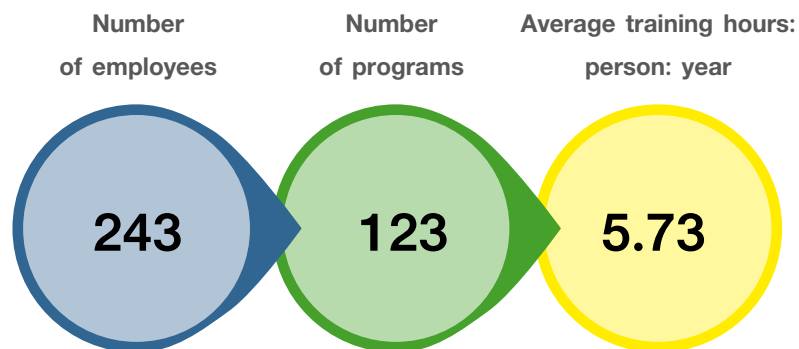
TRM composes of 3 main groups as follow.

- 1) **Standard Courses** (Required by law or regulations, rely on corporate value, relating to ethics)
- 2) **Managerial Courses** (Mostly are for management skills improvement and general topics)
- 3) **Specific Courses** (Suitable for specific job functions)



In 2018, Sahacogen group has set the development plan with 170 training courses. The courses were internally and externally conducted in total 123 courses equivalent to 72.35% of target.

| Topic | SCG | SGN | SGF | Total |
|---------------------------------------|-----------|-----------|-----------|------------|
| Course | | | | |
| • Standard Course | 17 | 12 | 8 | 37 |
| • Managerial Course | 10 | 5 | 5 | 20 |
| • Specific Course | 21 | 16 | 29 | 66 |
| Total | 48 | 33 | 42 | 123 |
| Number of participant (person) | | | | |
| • In-house Training | 43 | 69 | 45 | 157 |
| • Public Training | 35 | 24 | 27 | 86 |
| Total | 78 | 93 | 72 | 243 |
| Total training hour | | | | |
| • Total hour | 1,852 | 1,164 | 2,083 | 5,099 |
| • Average (hours/person) | 6.48 | 4.12 | 6.60 | 5.73 |



The example of In-house Training

1. Standard Courses required by laws or regulations

1.1 The training courses about safety, occupational health and environment

This group of training courses focuses on teaching how to use specific tools and operate under the safety procedures.

➤ Safety for working with chemical substances and how to respond to emergency



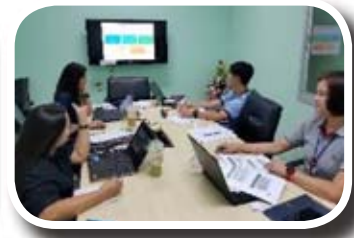
➤ Safety for working in the confined space



2. Managerial Course

The courses aim for developing the executives and supervisors to be skillful in management views and interpersonal skills. The goal is creating the leadership and skillful team in the organization.

- 2.1 Advance Risk Management for managers and department heads** The learning objectives are creating the awareness of risk, risk management, and understanding risk process for practical operation.



- 2.2 Effective Planning Implementing and Follow-up** The learning objectives are introducing the role of supervisor, introducing the importance of having work plan, and how to effectively create the department work plan.



- 2.3 Cost analysis and cost management** The learning objectives are introducing the meaning of cost, type of cost, how to systematically manage and analyze cost; and budgeting.



- 2.4 Cross Functional Communication & Collaboration for Driving Goal** The learning objectives focus on the effective communication techniques, how to convey the message for better understanding and for good relationship, persuasion skills, emotional understanding and emotional control.



3. Specific Course for different job functions

3.1 Best Practice and Detail for Power Plant Operation The course is provided for staff in operation maintenance unit to have the better understanding of power plant operation.



➤ Planning for experiment and statistics course is provided for staff in fast-growing plants plantation unit to use statistic in planting.



The Example of Public Training

The external training courses will mostly develop skills for specific job functions. Usually the external training will be selected for individual improvement. The staff attended the public training will later on share their knowledge internally within the department.

- **Spare Part Management**

Staff: Khun Sakulchaya Nithipuwapatsorn and Khun Nichanut unsooksomboon

Knowledge sharing session: April 20, 2018



- **The industrial machinery lubricating maintenance**

Staff: Khun Pita Jannet

Knowledge sharing session: June 29, 2018



- **The quality management appraisal head**

Staff: Khun Siriwan Whasuwan

Knowledge sharing session: September 17, 2018



2. Human resource development program

Staff in different functions has different kind of expertise, skills and experiences. The company always supports to have speakers from internal unit and organizes knowledge sharing sessions regularly.

Accounting unit

Topic: Cashier and financing system improvement by Khun Pailin Kanankhang

Topic: Land tax, value added tax (VAT), and related taxes by Khun Natthamon Wonghong



Human resource management unit

Topic: Outsourcing staff by Khun Narunut Limpanasophon and Khun Wassana Wiriyachukid

Topic: Skill Development Promotion Act and E-Service system by Khun Tansiri Thongsan and Khun Suveza Dachapol

Topic: Labor law for human resource management by Khun Juntra Tantikarn and Khun Somchai Srilachai



Operation and power plant maintainance unit in Bio-mass energy business

Topic: The lubracation for industrial machinery by Khun Asanai Kamlert

Topic: Warehouse management, logistic and bio-mass quality by Khun Artid Mataphan



Information technology unit

Topic: Network & Internet Security for IT by Khun Rangson Saadlun

Topic: Document management system for administrative function by Khun Kanchana Prachakun



3. Corporate Core Values

Sahacogen group has “PITEP” core values as the core ideas to create corporate culture and group company identity.

Core Values “PITEP”

P Positive Thinking

Having positive attitude and be ready to motivate surrounded people to have the positive thoughts

I Initiative

Being innovative, suggest new ideas or projects beneficial to the company

T Teamwork

Supporting working as a team and seeking ways to achieve goals as a team

E Entrepreneurship

Having the sense of ownership, caring and protecting the company from what would cause negative effects

P Proactive

Having visionary plans before execution and actively striving for the results planned

The human resource management within the framework of “PITEP” aims to push the organization forward with clear goals. The clear organization goals lead to the vivid team and individual targets with clear measurement methods and indicators.

In the past year, the company promoted “PITEP” core value through announcement board, intranet system, the company’s annual report and Form 56-1.

4. Knowledge management

Long term goals of human resource management are not only focusing on the benefit returning to the company. The company also pays attention to the development for individuals self-learning and self-developmen. The information technology system has been adopted to enhance learning efficiency and promoting knowledge sharing culture within the organization. All employees are free to access and add new topics of knowledge relating to work in to the database. The centralized system called “Share & Show” is easy to access.

5. Leadership development

The middle management plays the important role in bringing in the policy into the operation. Good management and supervisors should work closely with the operation level and be the role model. Sahacogen group train the middle management to have basic management skills such as teaching, delegating, appraisal, individual development plan based on training roadmap. The human resource policy also supports continuous learning and improvement as well as job rotation. The rotation objectives are creating the new learning scopes, adding new experiences in different functions and being ready to new challenges.

6. Supporting employees to be ready for change

Change in business trend and global economic situation provide opportunities to business. However, changes are also threat to company sustainable growth. Sahacogen always support the flexibility and adaptability to changes for individual. We set the expectation to the employees to be flexible, be expressive to the innovative ideas, act professional, comply with code of conduct and be the good civilian in any community they would be assigned to work.

7. Motivating and inspiring employees

One of the most important things the Company pays attention to is to motivate or inspire employees to work more efficiently. Moreover, motivating coming from good-role-model-supervisors' leadership can push employees to create masterpiece. Supervisors and managers working for the Company for ten years or over are the main key to pave the way for growth and success toward the Company. These supervisors and managers are leaders of motivation and inspiration, mentors and examples of working standard for their subordinates and employees in the next generation.

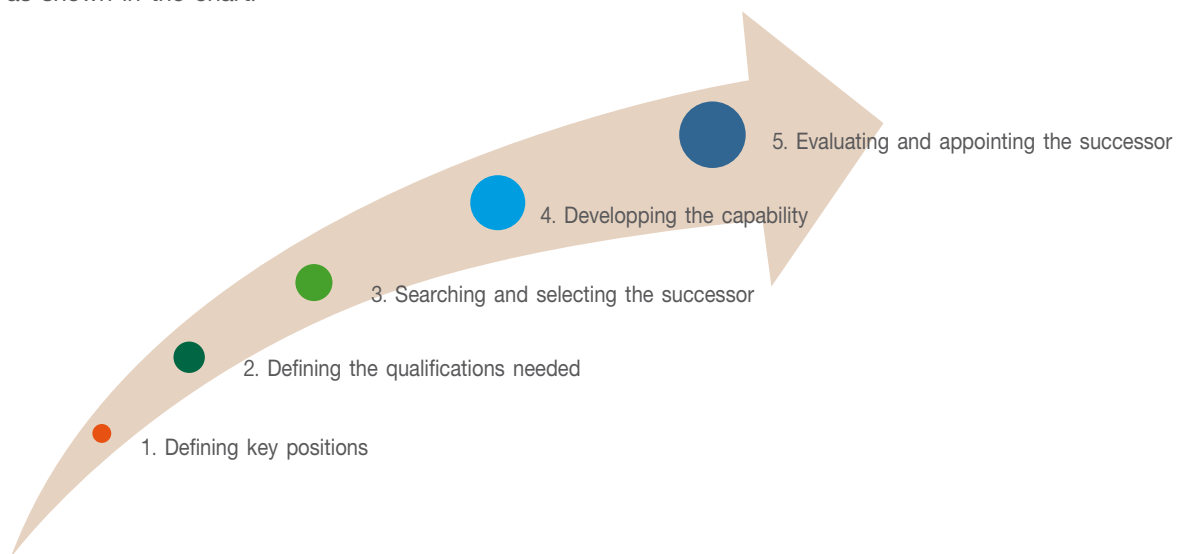
To ensure human resource development plan and actions are efficient and effective, the evaluation method has been designed. Supervisors are assigned to be the supporter and appraisal conductor. The evaluation resulted from human resources development can be categorized in 3 main matters; that is, knowledge, skills and behavior.

1. **Knowledge** is tested by comparing the result of pre-training and post-training results. The evaluation will help in ensure the employees understand and ready to utilize the knowledge gain from the trainings. The evaluation includes
 - pre and post testing
 - Interview
2. **Skills** is the evaluation in operation capability to ensure that employees are able to do their functions of responsibilities. The skills will be tested by
 - The observation by supervisor
 - On the job training
3. **Behavior** is the result shown in action. The company has set the required competency with specific description and defining score. The evaluation will be conducted by the direct supervisor.

The succession plan

The company realizes the human capital is the key resource to drive the business especially the main position. The succession plan has been developed to ensure the business continuity.

The succession plan is a proactive plan that keeps the organization ready to occupy the “key position” immediately. The plan is the defined actions based on the forecast taking into account the relevant situations such as retirement, resigning to join other organization and uncontrolled emergency. The selected employees will be built internally based on the skills and capabilities. If there is no suitable candidate then the organization will recruit from outside. The process of succession plan is set in steps as shown in the chart.



The Board of Director has set the successor development policies as stated below.

1. Define the description for highest executive position, the relatedness to corporate strategy and stated the qualification in terms of background knowledges and needed skills
2. Identify potential capable people from the lower level of management
3. Provide analysis result for individual stating strengths and weaknesses
4. Setup individual development plan
5. Provide opportunities to let middle management to work closely with top management internally and across functions
6. Identify the lower level of management who is capable to be the successor
7. Prepare top management to able to handle work in other function in case needed
8. Prepare specialists to be ready for managerial job functions
9. Provide opportunities to let middle management to exercise manage skills within the division and across function
10. Provide training courses for top and middle management in terms of responsibilities, business ethics and focusing on organization benefits
11. Provide training courses to teach the planning technique and systematic thinking
12. Provide systematic working plan creation for the lower level of management

Provide job rotation to some positions in management level for business efficiency improvement

Corporate Governance

In addition to investors' trust and confidence, the Board of Directors Company believes that compliance with the Good Corporate Governance Code, which is the foundation of sustainable development and business value creation, will bring about competitiveness and desirable profitability. To this end, the Board has considered long-term effects, ethical business practices, respect for and responsibility towards shareholders and stakeholders, benefits to society, eco-friendly developments, the minimization of environmental impact, and the ability to cope with change.

Pursuant to the Corporate Governance Code for Listed Companies 2017, the Board has issued The Good Corporate Governance Code, Second Edition. This latest edition shall be acknowledged and implemented by all directors, executive officers, and employees. It comprises the following elements:

- The Good Corporate Governance Policy
- The 8 Good Corporate Governance Principles
- The Business Ethics
- The Code of Conduct for Directors, Executive Officers, and Employees

The policy was passed approval by the Board of Directors of the Company on December 11, 2018. Moreover, the Company have circulated such codes to the directors, executives and employees and publicized on the Company's website at www.sahacogen.com so as to be the uniform guideline for business conduct. Furthermore, in order to support the enhancement of understanding and taking action of such conducts among related persons and stakeholders,

Corporate Governance Policies

In pursuance thereof, the Board of Directors thereby prescribed the following corporate governance policies as a practice guideline for the Company Directors, Executives and all employees.

1. Company Directors, Executives and all employees are fully committed to the application of corporate governance principles, business ethics and Codes of Conduct for Company Directors, Executives and employees to Company operations.
2. Company Directors, Executives and all employees must perform their duties responsibly, prudently, earnestly and honestly in accordance with the relevant laws, Company Articles and Notifications.
3. Actions shall be taken to ensure that the Company management structure contains clear prescriptions of powers, duties and responsibilities of each Company Committees and Executives.
4. An internal control system shall be installed and risks management shall be managed at suitable levels, including an accounting system and financial statement which are accurate and reliable.
5. Information shall be disclosed in a sufficient, reliable and timely manner to the extent that the legitimate interests of the Company are not prejudiced.
6. The ownership rights of shareholders shall be appreciated and respected. Shareholders shall be treated equitably.
7. Undertakings shall have regard to the responsibilities of shareholders, stakeholders, communities, society and the environment.
8. There shall be a determination to strive towards business excellence with commitment to the creation of customer satisfaction by receiving comments and self-assessments in order to enhance management capabilities and continually promote productive creativity.
9. Virtue, ethics and good values shall be instilled. Employees shall be treated fairly with a commitment to develop and enhance the capabilities of personnel.

10. Dishonest conduct, corruption and intellectual property violations shall be suppressed. Laws and human rights shall be respected.
11. Conflict of interests shall be dealt with prudently and reasonably with due regard for the Company's interests.

On this matter, the Company has revealed corporate governance policies, business ethics, and code of conduct for Company directors, the management and employees to employees, shareholders, and general public via the Company website, under the heading "Investor Relations: About Us (Corporate Governance)".

Good Corporate Governance Principles

- Principle 1: The Board of Directors shall be aware of its leadership roles and responsibilities in the creation of the Company's sustainable prosperity.
- Principle 2: The Board of Directors shall define the Company's objectives to ensure sustainability.
- Principle 3: The Board of Directors shall strengthen its effectiveness.
- Principle 4: The Board of Directors shall nominate and develop senior executive officers and ensure good people management.
- Principle 5: The Board of Directors shall nurture innovations and responsible business practices.
- Principle 6: The Board of Directors shall provide an adequate system of risk management and internal control.
- Principle 7: The Board of Directors shall ensure information disclosure and financial integrity.
- Principle 8: The Board shall encourage engagement and communication with shareholders.

Principle 1 The Board of Directors shall be aware of its leadership roles and responsibilities in the creation of the Company's sustainable prosperity.

The Board shall place a great deal of importance on its awareness of its roles and responsibilities as leaders of the Company and as caretakers of shareholders' and stakeholders' interests. To this end, the Board shall establish both present and long-term business strategies and directions. The Board shall also ensure the transparency of the Company's operations as added value on the road towards sustainability.

Principle 1.1

The Board shall determine the Company's vision and mission statements, which steer directors, executive officers, and employees towards the same goals. The vision and mission statements shall be annually reviewed.

Guidelines

1. The Board shall determine the Company's vision and mission statements, objectives, targets, strategies, operational policies, and budgets. Board members shall freely express their opinions while conducting an annual workshop with senior management to establish directions for the Company.
2. The Board shall review company objectives and targets annually to ensure that executive officers are able to execute their plans according to the Company's directions and strategies.
3. The Board shall grant executive officers the freedom to express their opinions and hold discussions to establish the framework of the Company's directions and prepare for events of economic significance.
4. The Board shall offer management-related advice, suggestions, and guidelines, which will be used to establish clear plans and in the allocation of major resources to ensure the achievement of objectives.

5. The Board shall communicate company policies, goals, and directions to everyone in the Company in the following manners:
 - To executive officers via meetings, and
 - To employees via meetings and internal communication.
6. The Board shall monitor and assess the Company's performance. In this regard, management shall be tasked with preparing and presenting a performance report to the Board at least once every quarter.

Principle 1.2

The Board plays an important role in driving forward all aspects of the Company's organizational culture by supporting and encouraging good corporate governance, competitiveness, and desirable profitability. To this end, the Board shall consider long-term effects, ethical business practices, respect for and responsibility towards shareholders and stakeholders, benefits to society, eco-friendly developments, the minimization of environmental impact, and the ability to cope with change, all of which creates long-term value for the Company.

Guidelines

1. While evaluating the Company's performance, the Board shall consider not only its financial results but also other factors, such as the Company's ethical conduct and environmental impact, by reviewing and approving the proposed environmental management and corporate social responsibility policies.
2. The Board shall play a leading role in creating and driving forward a steadfast organizational culture of ethical conduct. As leaders, board members shall serve as role models and set an example of compliance with good corporate governance principles.
3. The Board shall provide in writing policies and guidelines of good corporate governance, business ethics, and code of conduct, applicable to all directors, executive officers, and employees.
4. The Board shall oversee communication to all directors, executive officers, and employees to ensure their understanding of good corporate governance. The Board shall also make certain that adequate mechanisms have been put in place for regular monitoring, reviewing, and reporting of their compliance with the Company's policies and guidelines.
5. Due to constantly changing factors, the Board shall always monitor current news and events, especially economic conditions and other crises that may affect the Company's performance. Strategies and revenue targets shall be established in accordance with the Company's risk appetites and tolerances. The Board shall promote risk management as an integral aspect of the Company's organizational culture and supports the adequate management of risks that may hinder the achievement of the Company's objectives and strategies. The Risk Management Committee shall oversee matters of risk management.

Principle 1.3

The Board shall oversee that all directors, executive officers, and employees perform their fiduciary duties responsibly and prudently, and that the Company operates in accordance with applicable laws, Articles of Association, related notifications, and resolutions passed at general meetings of shareholders.

Guidelines

1. The Board shall ensure that all directors and executive officers perform their fiduciary duties responsibly and prudently, pursuant to applicable laws, rules, and regulations.

2. The Board shall provide adequate systems and mechanisms to ensure that the Company complies with applicable laws, Articles of Association, related notifications, and resolutions passed at general meetings of shareholders, as well as established policies and guidelines. In addition, any major transaction shall be approved through a due process pursuant to the rules of law.

Principle 1.4

The Board shall demonstrate a thorough understanding of the scope of its powers, duties, and responsibilities. The Board shall clearly define the roles and responsibilities of the President and management, as well as ensure that the President and management properly perform their duties.

Guidelines

1. The Board shall appoint committees to oversee specific matters and report back to the Board.
2. The Board shall provide charters for itself and for each of the committees, by which the roles and responsibilities of directors are defined. These charters shall serve as points of reference for every director. Each charter shall be reviewed at least annually.
3. The Board shall assign duties and responsibilities to management, as well as monitor its performance, including
 - 1) Reports on operating results and assigned tasks;
 - 2) The scope of powers, duties, and responsibilities of the President; and
 - 3) Annual review of the executive authority or approval process handbook.

Principle 2 The Board of Directors shall define the Company's objectives to ensure sustainability.

Principle 2.1

The Board shall define or oversee that the Company's long-term objectives promote sustainability by creating value for the Company itself, in extension to its customers, stakeholders, and society at large.

Guidelines

1. The Board shall oversee that the Company has clearly defined and suitable long-term objectives that support its business model. The Board shall ensure company-wide communication of these objectives to drive everyone in the same direction by establishing the vision and mission statements, as well as organizational values that reflect good corporate governance.
2. The Board shall develop a business model for sustainable value creation for the Company itself, its stakeholders, and society, taking into consideration the following factors:
 - 1) The Company's ecosystem, including changes to business conditions and opportunities, and the Company's effective use of innovation and technology;
 - 2) The needs of its customers and stakeholders; and
 - 3) Its available competitiveness, skillfulness and opportunity/risk of business.
3. The Board shall oversee that the Company's long-term objectives are communicated to and instilled in the mind of all levels of personnel, engraining them as part of the organizational culture.

Principle 2.2

The Board shall ensure that the Company's annual and/or medium-term objectives, targets, and strategies are consistent with its long-term objectives, and that the Company uses innovation and technology safely and effectively.

Guidelines

1. The Board shall ensure that the Company's annual objectives and plans are aligned with its long-term objectives with due regard to its business environment, opportunities, and risk appetite. The Board shall arrange the Company's objectives and strategies to be annually reviewed.
2. The Board shall make certain that the Company's strategies and plans take into account the business environment and risk factors that may affect its stakeholders throughout the supply chain, including factors that may affect the achievement of the Company's long-term objectives. To this end, the Board shall
 - 1) Clearly define the method, process, and channel by which stakeholders may engage or communicate with the Company, enabling the Company to identify the interests of each stakeholder group accurately or as close as possible;
 - 2) Identify internal and external stakeholders; and
 - 3) Identify stakeholders' expectations in order to analyze potential impacts on the Company and on the stakeholders themselves. These shall be ranked in order of importance and dealt with accordingly.
3. The Board shall encourage innovation and promote the use of innovation and technology to enhance competitiveness and to respond to stakeholders' expectations without compromising its social and environmental responsibilities.
4. While in the process of approving financial and non-financial targets, the Board shall take into account the Company's business environment and potential while ensuring compliance with good corporate governance.
5. The Board shall make certain that the Company's annual objectives, targets, and plans are thoroughly communicated to everyone throughout the organization.
6. The Board shall ensure the proper allocation of resources and see to the effective control of operations, as well as monitor the progress of operations according to the annual plan.

Principle 3 The Board of Directors shall strengthen its effectiveness.

Principle 3.1

The Board of Directors shall be responsible for determining and reviewing its own structure, in terms of the size, composition, and number of independent directors that is suitable and needed to bring about the achievement of the Company's long-term objectives.

Guidelines

1. The Board of Directors shall be diverse in terms of qualifications, such as skills, professional experiences, and specialized traits that will benefit the Company. Directors may be of any gender as long as they possess all the legally required qualifications. In addition, there shall be at least one non-executive director with experience and competence in the Company's main business or industry.
2. The appropriate number of directors shall be determined by the Board itself, provided that the Board is able to function effectively. It shall comprise at least five (5) directors, depending on the Company's size, type, and business complexity.
3. The ratio between executive and non-executive directors shall support proper checks and balances. The majority of the Board shall be non-executive directors, who shall exercise objective and independent judgement on the work of management. The number and qualifications of independent directors shall meet the requirements of the Securities and Exchange Commission and the Stock Exchange of Thailand. The Board shall afford independent directors the ability to work efficiently with the rest of the directors and to exercise objective and independent judgement.

4. The Board shall explicitly disclose its board diversity policy and details of its members, including directors' age, gender, education, experiences, shareholding percentage, years of service as directors, and directorships at other listed companies in annual reports and on the Company's website.

Principle 3.2

The Board shall select a suitable member as its Chairman, as well as oversee that its composition and exercise of power allow the Board to objectively and independently exercise judgement on corporate affairs.

Guidelines

1. The Board shall not require that the Chairman be an independent director.
2. The Chairman's roles and responsibilities shall be distinct and separate from those of the President to establish effective checks and balances of power:
 - 1) The Chairman shall be responsible for leading the Board of Directors. The Chairman's duties shall at least include the following matters:
 - (1) Chairing any general meeting of shareholders;
 - (2) Chairing any board meeting;
 - (3) Casting the deciding vote to break a tie;
 - (4) Calling board meetings and establishing meeting agenda in tandem with the President, in which important matters shall be included;
 - (5) Overseeing, monitoring, and ensuring that the Board efficiently carries out its duties;
 - (6) Ensuring that all directors contribute to the Company's ethical culture and good corporate governance;
 - (7) Allocating sufficient time for management to propose topics and for directors to debate important matters thoroughly; Encouraging directors to exercise prudence and express their opinions freely;
 - (8) Promoting constructive relations between executive and non-executive directors, and between the Board and management.
 - 2) The President's roles and responsibilities shall be determined by the Board..
3. Should the Chairman and the President be the same person, the following measures shall apply:
 - 1) In the event of a conflict of interest, the Chairman or President shall be barred from the meeting and have no right to vote on that particular agenda item.
 - 2) The Vice Chairman shall chair the meeting in his or her stead. If the post is vacant or the Vice Chairman is unable to serve in this capacity, the Board shall elect a director to chair the meeting for the time being.
4. There shall be no term limit for independent directors; however, if an independent director has already served nine (9) consecutive years since his or her first appointment to the post, the Board shall reasonably evaluate the necessity of his or her continued directorship.
5. The Board shall appoint committees to oversee specific matters, to filter information, and to recommend action for board approval.
6. The Board shall disclose the roles and responsibilities of the Board itself and of its committees, the number of meetings, and the number of directors in attendance over the course of the year. The Board shall also report the performance of each committee.

Principle 3.3

The Board of Directors shall ensure that the selection and nomination of directors be transparent, resulting in the desired board composition.

Guidelines

1. The Board shall establish a Nomination Committee.
2. The Nomination Committee shall meet to determine the nomination criteria and process to ensure that elected board members possess the appropriate qualifications, knowledge, and expertise.
3. The Board shall afford shareholders the opportunity to nominate directorial candidates.

Principle 3.4

When proposing directors' remuneration to a shareholder meeting for approval, the Board shall consider whether the remuneration structure is appropriate for the directors' respective roles and responsibilities, reflects their individual and company performance, and provide incentives for the Board to lead the Company to achieve its short- and long-term objectives.

Guidelines

1. The Board shall appoint a Remuneration Committee.
2. The remuneration of the Board shall reflect each member's accountability and responsibilities, in addition to being comparable to the practice of other companies in the industry.
3. The structure and rate of the Board's remuneration, as well as other benefits, shall require shareholders' approval.
4. The Board shall disclose its remuneration policy and criteria that reflect the duties and responsibilities of each individual.

Principle 3.5

The Board shall ensure that all directors serve responsibly and that they allocate sufficient time for their role as board members.

Guidelines

1. The Board shall provide a director handbook to empower its members with an understanding of their roles and responsibilities.
2. The Board shall publicly disclose its members' posts at other companies.
3. In the event that a director of the Company serves as a director or executive officer at or have a direct or indirect stake in another entity that creates a conflict of interest with the Company, or is able to use insider information or take advantage of the Company's opportunity for his or her own benefit, it shall be reported to the Chairman of the Board and the Chairman of Audit Committee for acknowledgement.
4. Each director shall attend no less than 75 percent of all board meetings in any given fiscal year, unless necessity demands otherwise.
5. Believing that each director's business expertise and capabilities are not restricted by the number of companies in which he or she currently serves, the Company shall not establish any regulation on board members' directorships at other listed companies.

Principle 3.6

The Board shall ensure that the Company's governance framework and policies appropriately extend to and are accepted by subsidiaries and other businesses in which it has a significant investment.

Guidelines

1. The Board shall consider and establish a subsidiary's governance policies, including:
 - 1) The appointment of a director, executive officer, or another authoritative post to a subsidiary. The senior executive team of the investing Company shall consider a director or an executive officer from within the group who possess the knowledge, ability, and expertise in the subsidiary's business to represent the Company as an investor or in compliance with the joint-venture agreement.
 - 2) The scope of duties and responsibilities of the position in 1). The Board shall also have the representative to oversee that the subsidiary's operations comply with its own policies. If the subsidiary has other investors, the Board shall require the Company's appointed representative to perform his or her role in the subsidiary's in the best interest of the subsidiary while maintaining compliance with the Company's policies.
 - 3) The suitability and adequacy of the subsidiary's internal control, along with the conformity with relevant laws and regulations of all transactions.
 - 4) The disclosure of the subsidiary's financial information, operating results, related party transactions, acquisition and disposition of assets, other important transactions, capital increases or decreases, termination, etc.
2. For any significant investment in a business, the Board shall make certain that the shareholders' agreement or another agreement in place clearly defines the Company's ability to manage the subsidiary's affairs, partake in major decisions, and monitor the subsidiary's performance, which will enable the Company to prepare its financial statements in a timely manner and in conformity with relevant standards.

Principle 3.7

The Board shall conduct a formal annual performance evaluation of itself and its committees. The evaluation results shall be used to strengthen their future performance.

Guidelines

1. The performance of the Board and its committees shall be evaluated at least once a year.
2. The Board shall disclose performance evaluation results, whether as a whole or as individuals, in the corresponding annual report.
3. The Board shall use evaluation results to improve its and its committees' performance.

Principle 3.8

The Board shall ensure that each of its member understand his or her roles and responsibilities, the nature of the business, the Company's operations, and relevant laws. The Board shall encourage all directors to regularly bolster any skills and knowledge necessary for their posts.

Guidelines

1. A newly appointed director shall undergo orientation, which includes the following:
 - Any information that may benefit his or her directorial role;
 - Business directions (objectives, target, vision, mission, and organizational values); and
 - Roles and responsibilities, as well as directorial remunerations and other benefits.
2. Directors shall regularly receive the necessary training, any of which shall be disclosed in the corresponding annual report.

3. The Board shall possess the knowledge and understanding of relevant laws, regulations, standards, risks, and business-related environment. The Board shall always stay up to date on such information.

Principle 3.9

The Board shall ensure the effectiveness of its performance and have access the necessary information. The Board shall appoint a person with the desired qualifications, knowledge, skills, and experience to support the Board as “Company Secretary”.

Guidelines

1. Board meetings shall be scheduled in advance to afford each director sufficient time to arrange to attend.
2. The Board shall meet at least six (6) times per fiscal year.
3. The Board shall provide a mechanism that allows each board member and management to propose relevant topics to be included on the meeting agenda.
4. The Board shall oversee that relevant meeting documents be sent to each director at least seven (7) business days before the meeting.
5. The Board shall encourage the President and other executive officers to attend board meetings to present additional information and details on matters for which they are directly responsible.
6. The Board shall be able to request additional information from the President, Company Secretary, or a designated executive officer within the framework of the established policy. If necessary, the Board shall be able to seek independent professional advice, the expenses for which shall be absorbed by the Company.
7. Non-executive directors shall be able to meet, as many times as necessary, among themselves without management to debate their concerns and report the outcome of their meeting to the President.
8. The Board shall appoint a Company Secretary with duties pursuant to the Securities and Exchange Act and provide any training and education relevant to his or her ability to serve in this capacity.

Principle 4 The Board of Directors shall nominate and develop senior executive officers and ensure good people management.

Principle 4.1

The Board shall afford a proper mechanism for the nomination and development of president and senior executive officers, making certain that they possess the knowledge, skills, experience, and characteristics necessary for the Company to achieve its objectives.

Guidelines

1. The Board shall nominate or assign the Nomination Committee to nominate a candidate with the desired qualifications for the post of the President.
2. The Board shall task the President with overseeing the suitability of senior executive officers.
3. The Board shall ensure business continuity. To this end, succession plans shall be developed for the posts of the President and other senior executive officers. The implementation of these plans shall be reported to the Board at least once a year.
4. The Board shall encourage the President and other senior executive officers to continuously undergo any training relevant to their roles.
5. The Board shall require the President and other senior executive officers to report their directorships or executive posts at any other company to the Chairman of the Board and the Chairman of Audit Committee through the Company Secretary.

Principle 4.2

The Board shall ensure that an appropriate compensation structure and performance evaluation are in place.

Guidelines

1. The Board shall establish the President's compensation structure:
 - Short-term benefits, such as monthly salaries, bonus, and pension, based on the Company's performance and the President's performance evaluation.
 - Long-term benefits, such as contribution to the Provident Fund, retirement compensation, and ESOP.
2. The Board shall assign the Chairman or the Chairman of Executive Board to communicate the following evaluation results to the President:
 - The year's performance evaluated against the year's objectives and the previous year's performance
 - The Company's financial liquidity and economic condition in comparison with other businesses in the same sector.
3. The Board shall task the President with evaluating senior executive officers and other personnel in accordance with the predetermined performance evaluation criteria.

Principle 4.3

The Board shall consider the Company's shareholding structure and relationships with its shareholders, which may affect its management and operation.

1. The Company shall not have a shareholders' agreement that hinders the duties of the Board.

Principle 4.4

The Board shall monitor the management and development of the Company's human resources to ensure that the Company has adequate staffing and appropriately knowledgeable, skilled, experienced, and motivated employees.

Guidelines

1. The Board shall task the Executive Board with the supervision of human-resource management. The following matters shall be reported to the Board at least once a year:
 - Company structure and appropriate remunerations; and
 - Talent development and retention plans.
2. The Board shall see to the establishment of a provident fund to make certain that the Company's employees will have sufficient savings to support their retirement.

Principle 5 The Board of Directors shall nurture innovations and responsible business practices.

Principle 5.1

The Board shall prize and encourage innovations that create value for the business together with benefits for its customers, other stakeholders, society, and the environment.

Guidelines

1. The Board shall attach importance to an organizational culture of innovation that creates value or sets a standard for products, services, or work processes. Innovations of this nature shall be incorporated into the Company's strategies and guidelines.

2. The Board shall encourage further development of a business innovation, subject to the current business environment. The Board shall also endeavor to improve the production and work process, in addition to jointly developing innovations with the Company's partners, to increase the Company's competitiveness.

Principle 5.2

The Board shall ensure that management operates the Company's business with due regard to corporate social and environmental responsibility and without infringing upon the rights of any stakeholder. These efforts will allow every department to contribute to the achievement of objectives and targets in a sustainable manner, which is reflected in the operational plan.

Guidelines

1. The Board shall recognize and respect the rights of its various groups of stakeholders. Pursuant to the rules of law or to any agreements made with the Company, the Board shall ensure the protection of stakeholders' rights and that all stakeholders be treated equitably. In this regard, the Board shall devise policies to serve as guidelines for the treatment towards each group of stakeholders and shall take into account the interests of communities and society, benefits to the environment, sustainable development, anti-corruption efforts, intellectual property protection, and respect for fundamental human rights.
2. The Board shall support the preparation of the corporate social responsibility report, which shall be included in the annual report.
3. The Board shall afford all groups of stakeholders a channel and process by which they may submit a report or complaint about a matter that may result in damage to the Company, the accuracy of financial reports, or inequitable treatment.
4. The Board shall devise a whistleblower protection policy or set of guidelines, its matters that may cause damage to the company or unfair, which shall appear in the Business Ethics and the Code of Conduct for Directors, Executive Officers, and Employees.

Principle 5.3

To bring about sustainability, the Board shall monitor that resources are efficiently and effectively managed with due regard to the impact of such management and to resource development throughout the supply chain.

Guidelines

1. The Company's operations shall conform to the rules of law, regulations, and environmental policies, taking into consideration its impact on natural resources and the environment. Operations shall have its performance reviewed and evaluated regularly.
2. Participation in environmental management, environmental accountability, and efficient and sustainable use of resources shall become part of the organizational culture. An awareness of these topics shall be instilled in the mind of all employees.
3. Environmental education and training shall be provided to all employees.
4. A comprehensive environmental management system shall be encouraged, including economical use of resources, treatment and rehabilitation of resources exploited, replenishment of resources, and sustainable environmental watch and impact prevention.
5. A mechanism shall be put in place to allow the Company to select eco-friendly trading partners in the supply chain.
6. The Company shall support the development and distribution of eco-friendly technology.

Principle 5.4

The Board shall make use of information technology to augment business opportunities and to further develop the Company's operations, which will bring about the achievement of the Company's objectives and targets.

Guidelines

1. The Board shall ensure sufficient information technology resources for operations.
2. The Board shall develop an information technology security policy and measures.

Principle 6 The Board of Directors shall provide an adequate system of risk management and internal control.

Principle 6.1

The Board shall ensure that the Company has effective and appropriate risk management and internal control systems that comply with applicable laws and standards.

Guidelines

1. The Board shall educate its members about major risks to the business.
2. The Board shall task the Risk Management Committee with the following:
 - Establishing the Company's risk management policy and system;
 - Promoting risk management as an integral part of the Company's organizational culture;
 - Providing the appropriate level of risk management with a particular emphasis on early warning signs; and
 - Overseeing, monitoring, and evaluating risk management performance.
3. The Board shall establish Internal Audit as an internal department. Internal Audit shall report to the Audit Committee on the following matters:
 - The adequacy of the Company's internal control; and
 - Reviewing and devising internal control measures with a particular emphasis on any significant anomalies

Principle 6.2

The Board shall establish an Audit Committee, who shall perform its tasks effectively and independently.

Guidelines

1. The Board shall establish an Audit Committee that comprises at least three (3) directors, all of whom shall be independent directors with required qualifications pursuant to applicable legal requirements promulgated by the Securities and Exchange Commission and the Stock Exchange of Thailand.
2. The Board shall provide a charter for the Audit Committee, in which the directors' term in office and scope of duties and responsibilities are clearly defined.

Principle 6.3

The Board shall establish a policy to manage and monitor conflicts of interest that might occur among the Company, directors, management, and shareholders. The policy shall include measures to prevent the inappropriate use of corporate assets, information, and opportunities, as well as inappropriate transactions by related parties.

Guidelines

1. The Board shall provide an information security system, which includes policies and procedures on the confidentiality, integrity, and availability of such information, as well as market-sensitive information. The Board shall oversee compliance by any directors, senior executive officers, employees, and outsiders with access to such information.
2. The Board shall manage and monitor any transaction with a potential conflict of interest, as well as provide guidelines and procedures to make certain that such a transaction will be made in conformity with the legally prescribed procedure and information disclosure requirements in the best interest of the Company and the majority of the shareholders. Any party with a vested interest in a particular transaction shall be excluded from the decision.
3. The Board shall require all directors to report their personal stake in a particular agenda item that will constitute a conflict of interest before the commencing the consideration of the item. Such a report shall be recorded in the minutes. The director(s) in question shall be excused from the meeting for the time being and shall cast no vote on that agenda item.

Principle 6.4

The Board shall adhere to anti-corruption laws and devise its own anti-corruption policy and procedures. The policy shall be made known to all within the Company and to outsiders as well.

Guidelines

1. The Board shall provide in writing an anti-corruption handbook and anti-corruption regulations. All directors, executive officers, and employees shall abide by the handbook and regulations. The Board shall also support activities that promote and instill an awareness of the relevant laws, rules, and regulations in the mind of all directors, executive officers, and employees.
2. The Board shall disclose to the public its anti-corruption policy and whistleblower channel on the Company's website and annual report.

Principle 6.5

The Board shall provide a mechanism for handling complaints and whistleblowing.

Guidelines

1. Instructions on how to handle complaint submissions shall be included in the Code of Conduct for Directors, Executive Officers, and Employees.
2. In the event that a submission entails matters of corruption, it shall be subject to the procedures in the Anti-Corruption Policy.

Principle 7 The Board of Directors shall ensure information disclosure and financial integrity.

Principle 7.1

The Board shall ensure the integrity of the Company's financial reporting system and that timely and accurate disclosure of all material information regarding the Company is made consistent with applicable requirements.

Guidelines

1. The Board shall ensure that any person involved in the preparation and disclosure of any information of the Company, including the President, the Chief Financial Officer, accountants, internal auditors, Company Secretary, Investor Relations Officers, including related relevant staffing, has relevant knowledge, skills and experience, and that sufficient resources, are allocated.
2. Regarding information disclosures, the Board shall include a report on its financial reporting accountability.
3. The Board shall oversee that information disclosures, including financial statements, annual reports, and Form 56-1, sufficiently reflect the Company's financial status and performance. The Board shall promote the inclusion of Management Discussion and Analysis (MD&A) in quarterly or annual financial reports.
4. Any disclosure of information about the Company's directors and executive officers shall be in conformity with the regulations of the Securities and Exchange Commission and the Stock Exchange of Thailand, as well as other relevant laws.

Principle 7.2

The Board shall monitor the Company's financial liquidity and solvency.

Guidelines

1. The Board shall ensure that management regularly monitors, evaluates, and reports on the Company's financial status. Upon the earliest signs of problems, the Board and management shall work together to find solutions as quickly as possible.
2. The Board shall ensure that it does not consciously approve any transactions or propose any transactions for shareholders' approval that could negatively affect business continuity, financial liquidity, and solvency.

Principle 7.3

In the event of financial difficulties, the Board shall ensure that the Company has a mitigation plan or mechanism in place. Stakeholders' rights shall always be taken into consideration.

Guidelines

1. The Company operates prudently and in conformity with information disclosure requirements. In the event of financial difficulties, the Board shall monitor the situation closely.
2. The Board shall ensure that the Company has sound financial mitigation plans that consider stakeholders' and creditors' rights. The Board shall diligently monitor the mitigation process through regular reports from management.
3. The Board shall ensure that any migratory action taken is reasonable.

Principle 7.4

The Board of Directors shall make certain of appropriate Sustainable Development Report.

Guidelines

1. The Board shall consider the appropriateness of the Company's information disclosure on its legal compliance; ethical business practices; code of conduct for directors, executive officers, and employees; anti-corruption policy; treatment of employees and other stakeholders, including equitable treatment and respect for human rights; and social and environmental responsibilities. Such disclosure shall be aligned with national or international reporting standards. For instance, the Company may disclose these types of information in the annual report.

2. The Board shall ensure that the information disclosed is important and reflects corporate practices that will bring about sustainable value creation.

Principle 7.5

The Board shall oversee management's establishment of a dedicated Investor Relations department or officer, who shall be responsible for suitable, equitable, and timely communication with shareholders, stakeholders, investors, analysts, and the media.

Guidelines

1. The Board shall assign the President or a related person, who thoroughly understands the Company's business, to disclose information to and communicate with external entities via appropriate channels.
2. The Board shall oversee that management establishes a dedicated Investor Relations department or officer.

Principle 7.6

The Board shall encourage the use of information technology to disseminate information.

Guidelines

1. The Board shall afford information disclosures in Thai and English via the Stock Exchange of Thailand and on the Company's website.

Principle 8 The Board shall encourage engagement and communication with shareholders.

Principle 8.1

The Board shall afford shareholders the opportunity to participate in the decision-making process involving significant corporate matters.

Guidelines

1. The Board shall recognize and respect the ownership rights of shareholders and shall not act in any manner to violate or deprive shareholders of these rights. The Board shall justly serve as caretakers of shareholders' interests and shall encourage shareholders, whether they be majority or minority or institutional shareholders from Thailand or overseas, to exercise their rights, including their basic rights as shareholders, their right to access sufficient information in a timely manner, and their right to attend any shareholder meeting during which corporate directions and major decisions are made.
2. The Board shall ensure that the agenda of any general meeting of shareholders comply with the Company's Articles of Association and relevant laws. Explanations and reasons shall accompany each agenda item in the meeting notice.
3. The Board shall afford minority shareholders an opportunity to propose an agenda item and/or nominate a directorial candidate to be elected at a general meeting of shareholders.
4. The Board shall allow shareholders to submit questions prior to the meeting.
5. The Board shall ensure that the notice of a general meeting of shareholders and related documents contain complete and correct information and be made available in both Thai and English on the Company's website at least 30 days before the meeting.
6. The Board shall encourage all shareholders to exercise their rights. The notice of a general meeting of shareholders and related documents in both Thai and English shall be delivered to them in advance to afford them sufficient time for consideration.

7. The Board shall treat every shareholder equitably. Every share of the same type has the same voting right, which is one share per vote.
8. The Board shall allow shareholders who are unable to attend a shareholder meeting in person to assign a proxy to attend and vote on their behalf. The Board shall facilitate the process by using a proxy statement form that allows shareholders to specify their votes in advance and by nominating at least one independent director as a proxy choice for shareholders.

Principle 8.2

The Board shall ensure that shareholder meetings are held properly, transparently, and efficiently, and that all shareholders are able to exercise their rights.

Guidelines

1. The Board shall consider shareholders' interests before setting a meeting's date, time, and place.
2. The Board shall ensure that no action is taken to limit shareholders' attendance.
3. The Board shall use information technology to facilitate shareholder meetings
4. The Board shall adhere to the following shareholder meeting regulations:
 - 1) The Chairman of the Board shall preside over a shareholder meeting.
 - 2) No agenda items shall be added without prior notice.
 - 3) Directors, committee chairpersons, the Chief Financial Officer, and other relevant executive officers are required to attend shareholder meetings.
 - 4) The number and ratio of shareholders attending in person to shareholders attending via proxies, meeting procedures, voting instructions, and vote-counting process shall be made known to the meeting before its commencement.
 - 5) Each director shall be individually elected by shareholder votes.
 - 6) The authority to approve directors' remuneration shall lie with shareholders
 - 7) Ballots shall be used for voting, and there shall be independent witnesses during the vote counting process.

Principle 8.3

The Board shall ensure accurate and complete disclosure of shareholder resolutions and preparation of the minutes of any shareholder meeting.




Guidelines

1. The Board shall disclose shareholder resolutions and voting results of each agenda through the designated channel of the Stock Exchange of Thailand and on the Company's website by the next business day.
2. The Board shall oversee that the minutes of a shareholder meeting include the following: meeting and voting instructions; names of directors, committee members, and executive officers present and absent; each agenda item's voting result; and every question and answer. The minutes shall be made available on the Company's website.
3. The Board shall ensure that the minutes of every shareholder meeting is submitted to the Stock Exchange of Thailand within 14 days from the meeting date and to the Department of Business Development, Ministry of Commerce, within the legally required period.

Good Corporate Governance Report

The Board of Directors, executives, employees pay attention to the compliance with good corporate governance. We strive for the best practice by focusing on stakeholders. We aim to see our business grow together with being a part that supports our society and environment sustainability. The result of the company's corporate governance appraisal can be showed as follow.

1. The evaluation from a corporate governance survey of listed companies (CGR Project)

| Categories | 2016 (%) | 2017 (%) | 2018 (%) |
|--|---|---|---|
| 1. Rights of Shareholders | 92 | 92 | 92 |
| 2. Equitable Treatment of Shareholders | 99 | 99 | 99 |
| 3. Role of Stakeholders | 93 | 93 | 93 |
| 4. Disclosure and Transparency | 97 | 95 | 95 |
| 5. Board Responsibilities | 78 | 78 | 79 |
| Average Score | 88 | 88 | 88 |
| SCG Score |  |  |  |

2. The Company received the complete score of 100, which was recognized level for nine consecutive years on the assessment of the quality on holding the Annual General Shareholders' Meeting in 2018 from Thai Investor Association.

| yearly | Number of companies | | | |
|--------|---------------------|---------------|------------|-----|
| | Number of companies | Average Score | Full Score | SCG |
| 2018 | 657 | 100 | 92.42 | 100 |
| 2017 | 618 | 100 | 91.97 | 100 |
| 2016 | 601 | 100 | 91.62 | 100 |

3. Thailand Sustainability Investment

In 2018, the company has been selected as a company in "Thailand Sustainability Investment 2018" (THSI). The company is one of the sustainable stocks in the group with market capitalization of THB 3,000-10,000 million.



The Structure of the Board of Directors

The Board of Directors has appointed several committees comprising of competent and experienced members, and responsibility scope for each committee per the charter for said committee. The chairmen of sub-committee are responsible for supervising the operations in accordance with the policies of the company and reporting the results in the Board of Directors' meetings. Responsibilities are also including complying with the principles stated in the Director's Guides for the listed companies accordingly;

- 1 Fiduciary Duties
- 2 Duty of Care
- 3 Duty of Loyalty
- 4 Accountability

Subcommittees

1. The Board of Directors

The Board of Directors consists of 13 members in 2018.

| | Name | Date of Appointment | Position |
|-----|----------------------------------|---------------------|----------------------|
| 1. | Mr. Sujarit Patchimnun | March 28, 2008 | Chairman |
| 2. | Mr. Boonkiet Chokwatana | March 6, 2003 | Director |
| 3. | Mr. Thirasak Vikitset | March 6, 2003 | Director |
| 4. | Mr. Atthakorn Glankwamdee | March 6, 2003 | Director |
| 5. | Mr. Viroj Theeravatvatee | March 6, 2003 | Director |
| 6. | Mr. Suthep Dansiriviroj | November 7, 2013 | Director |
| 7. | Mr.Sontaya Tabkhan | April 23, 2018 | Director |
| 8. | Mr.Vichai Kulsomphob | April 23, 2018 | Director |
| 9. | Mr. Boonyarith Mahamontri | March 6, 2003 | Independent Director |
| 10. | Mr. Nophorn Bhongsvej | March 6, 2007 | Independent Director |
| 11. | Pol. Gen. Somchai Prabhasabhakdi | March 30, 2003 | Independent Director |
| 12. | Mr. Amorn Asvanunt | March 30, 2005 | Independent Director |
| 13. | Admiral Apiwat Srivardhana | April 22, 2013 | Independent Director |

Company Secretary: Mrs. Pannee Chantavoraluk

Term for Company Directors

The term for Company directors is in accordance with the Company articles of association and Charter for the Board of Directors as follows:

1. At every Annual General Meeting, one-third (1/3) of the directors shall retire from office. If the number of directors cannot be divided evenly into three (3) parts, the nearest number to such one third (1/3) of the directors shall retire from office. The director who retired in due course may be reelected.
2. In the case where a position on the Board of Directors becomes vacant due to reason other than completion of term and where the remaining term is longer than two months, the Board of Directors shall appoint a properly qualified individual to fill the vacant post at the next meeting. The replacement member is to only serve the remaining term of the member whom he / she replaces.

3. The tenure of members of the Board of Directors is terminated due to the following reasons:
 - (A) Expiration of term
 - (B) Resignation
 - (C) Death
 - (D) Being disqualified for lack of qualifications or possession of characteristics prohibited by law or corporate regulations
 - (E) Being found to have inappropriate characteristics to gain trust in managing the business of a listed company as per regulations specified by the Securities and Exchange Commission
 - (F) Removal by a resolution of the Shareholders Meeting
 - (G) Removal by the judgement of a court
4. A director who resigns before the expiration of tenure shall submit a notice of resignation to the Company, effective on the date such notice reaches the Company. The notice of resignation may also be sent to the Registrar as prescribed in the laws pertaining to public companies limited.

The Authorities of the Board of Directors

1. To consider and appoint the Executive Committee, the Audit Committee, the Remuneration Committee, the Nomination Committee, the Risk Management Committee and determine their authorization;
2. To appoint, remove and authorize consultants to the Board of Directors, to committees and/or to other committees;
3. To approve loans to companies with a business relation to the Company as shareholders, or to companies with a trading relation or other companies;
4. To approve guarantee of loans to companies with a business relation with the Company as shareholders or to companies with a trading relation of other companies;
5. To grant approval to those transactions, not a financial transaction, of the amount greater than the authority of The Executive Board;
6. To approve acceptance or cancellation of loans which the amount greater than the authority of the Executive Board;
7. To approve investment, sale of investment capital in ordinary shares and/or any other securities of the amount greater than the authority of the Executive Board;
8. To approve sourcing and investment in fixed assets of the amount greater than the authority of the Executive Board;
9. To approve modification, destruction and disposal of fixed assets and intangible assets which are no longer in use, damaged, lost, destroyed, deteriorated and out of date, which are of the amount greater than the authorities of the Executive Board;
10. To approve modification, change of price and destruction of raw materials and/or remaining inventories which are deteriorated or out of date, which are of the amount greater than the authority of the Executive Board;
11. To consider entering into any connected transactions.
12. To initiate civil or criminal litigation, submit a request for judicial arbitration of disputes, to petition an inquiry by competent authorities, to file charges against an offender of the company for legal proceedings under the Criminal Code, and to delegate power of attorney to any party to act on

behalf of the company, which shall include the power to revoke the petitions, to settle any dispute, and to accept compensation for the company, as well as to appoint legal counsel to pursue litigation or submit testimony in all courts on behalf of the company until the final court proceedings for any cases, both in the regular and irregular courses of business.

In the urgent case, the Board of Director may authorize the Executive Board to make decision in such case and later on proceed to the Board of Director for acknowledgement in the next meeting.

13. All power of the Company's Board of Directors relating to acquisition or disposition of assets and entering into connected transactions must be in compliance with the notifications of the Capital Market Supervisory Board.
14. To propose to shareholders an increase or a decrease of capital, a change of share value; modification of memorandum, articles of association and/ or objectives of the Company;
15. To approve incorporation, merger or dissolution of subsidiaries;
16. To authorize the management, managerial employees of the Company or any other individual to act on their behalf;
17. To invite member of the management, executives, or relevant employees to provide explanations, opinions or document as necessary;
18. To consult with specialist or company consultants (if any) or hire third-party consultant or outside specialist if necessary at the expense of the Company;
19. To appoint and rescind a company secretary.

The Responsibilities of the Board of Directors

1. To carry out corporate operation in accordance and compliance with the law and regulations of the Securities and Exchange Commission and of the Stock Exchange of Thailand, the company's objectives and Articles of Association, and with the resolutions of the shareowners' meetings.
2. To define the Company's directions, objectives and policy;
3. To approve the annual budgetary and operation plans, including monitoring the Company's management contributed under application laws, policy and operational plans efficiently and effectively;
4. To endorse the corporate good governance policy, code of ethics and business ethics as the guidelines for the management, executives and employee to implement, including monitoring and ensuring all conducted closely;
5. To establish an adequate and suitable internal control system to ensure that all relevant transactions are approved by authorized persons, that accounts and records are kept accurately, and that the relevant systems to prevent improper use of the Company's assets are operating;
6. To supervise intensively and definitely on any conflict of interests in compliance with the procedures and regulations, in which the stakeholders have no right to make a decision on those conflict of interest, and disclose the information of the conflict of interests concisely for benefits of the shareholders;
7. To comment the financial report that audited and/or reviewed by the certified auditor and the audit committee has already verified;

8. To act responsibly and consistently on behalf of the shareowners.
 - To run the business for the best interest of the shareowners.
 - To disclose accurate, complete, up-to-standard and reliable information.
 - To report company's operation with correct, complete and up-to-date content.
 - To allocate appropriate and worthwhile returns on investment for shareowners
9. To acknowledge the report informed by the executive committee;
10. To schedule the shareholders' meeting, define the date, time, location, and agenda of the meeting, including the dividend payment (if have) with the comments of the Board of Directors to propose to the shareholders. Such activities shall be done within 21 days prior the meeting date. The Company shall record share transfer in a shareholders registry book by notifying the shareholders at the head office and branch not less than 14 days before recording share transfer or setting the record date for the shareholder record prior the meeting date for 2 months. Then the Company sets the closing date of a shareholders registry book for a day after the record date to counting a shareholder the rights of shareholders to attend the meeting and rights on dividend;
11. To prepare "the report on the Board of Directors' responsibility on financial statements" and disclose it on the annual report (Form 56-2) and the annual information form (Form 56-1);
12. To control and ensure that any relevant documents are concisely recorded as same as shown on a registration books or other reports concerned, and submitted to related governance departments;
13. To approve the charter for the Board of Directors and/or other committee;
14. To execute or consider any management that the Executive Committee has no authorized as appropriately.

In addition, the Board of Directors has reviewed the Company's visions, missions and business strategy. The Board as so monitored for action in the previous fiscal year, for example, making sure the electricity and steam distributed efficiently under the management of the sufficiency economy principle and 8 principles of Good Corporate Governance. The Board of Directors also supports the group company to act accordance to guideline of anti-corruption policy.

In 2018, the Board of Directors convened 7 meetings. The meeting dates had been earlier decided throughout the entire year. Furthermore, additional meeting could also be summoned according to necessary circumstances, which disclosed the detail in "Management Structure", topic number 1.3) The number of Directors' meetings.

2. The Executive Committee

The Executive Committee is appointed by the Board of Directors to manage the Company operation to ensure that the Company has excellent management procedure. Such committee consisted its term is one year, and selected by the Board of Directors after the annual general shareholders' meeting.

The Executive Committee consists of 6 members in 2018.

| | Name | Date of Appointment | Position | Position Period |
|----|---------------------------|---------------------|--------------------|--------------------|
| 1. | Mr. Thirasak Vikitset | March 6, 2007 | Chairman | May 2018- May 2019 |
| 2. | Mr. Atthakorn Glankwamdee | March 6, 2007 | Executive Director | May 2018- May 2019 |
| 3. | Mr. Viroj Theeravatvatee | March 6, 2007 | Managing Director | May 2018- May 2019 |
| 4. | Mr. Suthep Dansiriviroj | May 14, 2012 | Executive Director | May 2018- May 2019 |
| 5. | Mr. Sontaya Tabkhan | May 13, 2013 | Executive Director | May 2018- May 2019 |
| 6. | Mr. Teerayuth Kaewcoon | May 9, 2017 | Executive Director | May 2018- May 2019 |

Secretary to the Executive Committee: Mrs. Pannee Chantavoraluk

The Authorities of the Executive Committee

1. In accordance with the authority assigned by the Board of Directors.
2. To appoint, remove, transfer evaluate and determine compensation and welfare of employees of different levels;
3. To appoint and remove any other working committee to carry out actions necessary for the management of the Company;
4. To issue regulations and announcements on the Company's operation, and to assign authority to members of the Executive Board and/or the Management to execute authorization on Company assets;
5. To approve engagement in non-financial juristic actions provided that the amount does not exceed the limited amount 30 million baht per case;
6. To approve investment, sale of investment capital in ordinary shares and/or any other securities, provided that the amount does not exceed the limited amount 30 million baht per case;
7. To approve sourcing and investment in fixed assets, provided that the amount does not exceed the limited amount 30 million baht per case;
8. To approve modification, destruction and disposal of fixed assets and intangible assets which are no longer in use, damaged, lost destroyed, deterioration and out of date, provided that the book value does not exceed the limited amount one million baht per case;
9. To approve modification, change of price and destruction of raw materials and/or remaining inventory which are deteriorated or out of date, provided that the book value does not exceed the limited amount one million baht per case;
10. To review, diagnose for the related transactions and report to the Audit Committee as well as The Board of Directors for their approval. This action shall fall in line with announcements of the Capital Market Supervisory Board;
11. To authorize executive of the company or other individuals to act on their behalf;
12. To invite relevant employee to provide explanations, opinions or document as necessary;
13. To consult with specialists or Company consultants (if any) or hire third-party consultants of specialists if necessary at the expense of the Company;
14. To stipulate other regulations as deemed appropriate.

The Responsibilities of the Executive Committee

1. To propose the Company's goal, policy, business plan, and yearly budget to the Board of Directors;
2. To control the business management to achieve the goal, objectives as well as business policy;
3. To conduct the operation management in compliance with the laws, objectives, the articles of association, the Board of Director's and shareholders' resolution as well as other related regulations;
4. To increase the capability on competition and create any innovation continually
5. To prepare the financial report for the auditor and/or verify it prior proposing to the Audit Committee and the Board of Directors respectively;
6. To consider agenda before propose to the Board of Directors for approval or comment;
7. To report on the performances each executive director be accountable to the meeting of the Executive Committee;
8. To prepare the Executive Committee reports to be disclosed in the Company's annual report;
9. To improve and amend the chapter of the Executive Committee and propose to the Board of Directors for approval;
10. To perform other functions assigned by the Board of Directors.

During the year 2018, the Executive Board conducted 9 meetings to report the operating matters to the Board of Director. Such topics will be disclosed in the annual report. The meeting schedule had been set in advance. The extraordinary meeting shall be called depending on the circumstance. The details are disclosed under the topic of the "Management Structure" number 1.3) the number of Directors' meetings.

3. The Audit Committee

The Board of Directors has approved the appointment of the Audit Committee with the qualifications specified under the conditions of security law and the Stock Exchange of Thailand. Such the committee must consist of at least three independent directors and at least one director must be qualified in accounting and finance, and whose term is one year. The Audit Committee shall be yearly appointed by the Board of Directors after the annual general shareholders' meeting.

The Audit Committee consists of 3 members for the year 2018.

| Name | Date of Appointment | Position | Experience & Expertise | Position Period |
|-------------------------------------|---------------------|----------|--------------------------|--------------------|
| 1. Mr. Nophorn Bhongsvej | March 29, 2006 | Chairman | Accounting and Financial | May 2018- May 2019 |
| 2. Pol. Gen. Somchai Prabhasabhakdi | March 30, 2003 | Director | Management | May 2018- May 2019 |
| 3. Mr. Amorn Asvanunt | March 6, 2003 | Director | Accounting and Financial | May 2018- May 2019 |

Secretary to the Audit Committee: Mrs. Pannee Chantavoraluk

The Authorities of the Audit Committee

1. To communicate among the auditor, the Board of Directors and the internal audit to have clear understanding on internal functions;
2. Have a right to invite the executives, the management, or employees to clarify, commentate, attend the meeting or submit any relevant documents, including be able to reach into any classified information of the Company;
3. Have a right to verify person or any matters concerned under the authorities and responsibilities of the Audit Committee;
4. To consult a specialist or the Company's consultant (if any) or outsource expert in case of crucial matter by the Company's expenses;

The Responsibilities of the Audit Committee

1. To review that the Company's financial statements are correct and sufficient. Including information disclosure in accordance with the Financial Reporting Standard;
2. To review that the Company's internal control system and internal audit system are sufficient and effective;
3. To review that the Company's operation conforms to laws on securities and exchange, requirements of the Stock Exchange of Thailand and any other laws relating to the Company's business;
4. To review the compliance of the anti-corruption policy;
5. To support and monitor to ensure that the Company acquires the efficient risk management system;
6. To ensure that the Company has adequate management system in accordance with the good corporate governance practice;
7. To review the sufficient independence of the Office of Internal Audit, and provide opinions for the appointment, transfer, and dismissal of heads of the Office of Internal Audit or other offices with responsibilities for internal audit activities;
8. To review the internal audit plan and the operation of the internal audit functions;
9. To review, select, nominate for approval for the persons with independence of performing the duties of external auditors for the Company, propose the remuneration of such external auditors and present to the Annual General Meeting for approval, and jointly attend the meeting with the external auditors, at least once a year, without the presence of the Company's management;
10. To review any related transactions or transactions with potential conflict of interest to be in compliance with laws and regulations of the Stock Exchange of Thailand and the notification of the Capital Market Supervisory Board in order to ascertain that such transactions are reasonable and provide the best benefits for the Company;
11. To prepare the Audit Committee reports to be disclosed in the Company's annual report; such reports must be signed by the Chairman of the Audit Committee and it must contain, at least, some significant information as described below:
 - (a) The opinions about the accuracy, correctness and reliability of financial statements and financial reports of the Company;
 - (b) The opinions about the sufficiency of internal control system of the Company;
 - (c) The opinions about the compliance with laws on securities and exchange, requirements of the Stock Exchange of Thailand and any other laws relating to the Company's business;

- (d) The opinions about the appropriateness of external auditors;
 - (e) The opinions about transactions with potential conflict of interest;
 - (f) The number of meetings to be convened by the Audit Committee and meeting attendance of each Audit Committee member;
 - (g) The opinions or general findings obtained by performing its duties in accordance with the Audit Committee Charter;
 - (h) The opinions about other matters that should be notified to general shareholders and investors under the scope of duties and responsibilities assigned by the Board of Directors.
12. In performing the duties as the Audit Committee, if discovering or suspecting of either of the following transactions or acts, which may give significant effects to the financial status and operating results of the Company, the Audit Committee must report it to the Board of Directors for improvements within the reasonable period determined by the Audit Committee:
- (a) A transaction with potential conflict of interest;
 - (b) A fraud and corruption or irregularity or significant defect in the internal control system; or
 - (c) A violation of laws on securities and exchange, requirements of the Stock Exchange of Thailand and any other laws relating to the Company's business. If the Board or management of the Company fails to make remedies within the established period, one of the Audit Committee members may report such transaction or act to the Office of the Securities and Exchange Commission or the Stock Exchange of Thailand.
13. To review, improve and amend the Audit Committee Charter, and propose such amended charter for the Board of Directors' approval;
14. To perform other functions assigned by the Board of Directors under the approval of the Audit Committee by virtue of its authority stated in the Articles of Incorporation of the Company and other related laws.

In carrying out the above mentioned duties, the Audit Committee is directly responsible to the Board of Directors, who in turn is responsible to the shareholders and general investors.

In 2018, the Audit Committee conducted 4 meetings. The meeting dates had been earlier decided throughout the entire year. The extraordinary meeting could be called depending on the circumstance. The Audit Committee regularly reported its findings to the Board of Directors and reports to be disclosed in the Company's annual report;. There are joint meetings with the Company's auditor and the Chief Financial Officer each quarter, to review the Company's quarterly financial statements and related parties transactions. One meeting was conducted without management's presence. The details of actions are disclosed in "Management Structure" topic number 1.3: The number of Directors' meetings.

4. The Nomination and Remuneration Committee

The Nomination and Remuneration Committee is appointed by the Board of Directors to supervise the corporate good governance management, especially to select a qualified person to be a director transparently. Such committee consisted of four persons, including the Chairman of the Nomination and Remuneration Committee and three of them were non-executive directors, presented as 75% of this committee. Its term is one year, and selected by the Board of Directors after the annual general shareholders' meeting.

Selection: To select and screen a qualified person suitable to serve as a Company director. This selection procedure can be verified to ensure the selection is transparently.

Compensation: To consider criteria on payment and type of compensation to ensure that this Compensation is paid transparently and explicitly.

The Nomination and Remuneration Committee consists of 4 members

| | Name | Date of Appointment | Position | Position Period |
|----|-------------------------|---------------------|----------|--------------------|
| 1. | Mr. Sujarit Patchimnan | May 10, 2016 | Chairman | May 2018- May 2019 |
| 2. | Mr. Boonkiet Chokwatana | February 27, 2009 | Director | May 2018- May 2019 |
| 3. | Mr. Thirasak Vikitset | February 27, 2009 | Director | May 2018- May 2019 |
| 4. | Mr. Nophorn Bhongsvej | February 27, 2009 | Director | May 2018- May 2019 |

Secretary to the Nomination and Remuneration Committee: Mrs. Pannee Chantavoraluk

The Authorities of the Nomination and Remuneration Committee

1. To invite the management or Company relevant employees to provide explanations, opinions or documents as necessary.
2. To consult with specialists or Company consultants (if any), or hire outside consultants or specialists, if necessary, at the expense of the Company.

The Responsibilities of the Nomination and Remuneration Committee

Selection

1. To identify and screen individuals who are qualified to serve as Company directors;
2. To review the background of selected individuals to ensure that they are qualified by their knowledge, competence, experience and expertise in accordance with Company regulations and relevant laws;
3. To provide selection opinions or recommendations for the consideration of the Board of Directors;
4. To nominate selected individuals to the Board of Directors for consideration;
5. To revise the Nomination and Remuneration Committee Charter, when needed, and propose it to the Board of Directors for their approval;
6. To engage in any other action as assigned by the Board of Directors.

Compensation

1. To evaluate the performance of the Board of Directors each year;
2. To determine the compensation of Company directors on the basis of the operational performance of the Company, the amount of compensation approved by a shareholder meeting and the amount paid in the prior year; and, to propose the determined amount to the Board of Directors for their consideration and to the shareholders meeting for approval;
3. To determine the compensation for Company directors on the basis of performance, as well as, duties and responsibilities, which is not in excess of the amount approved by the shareholders; and, to propose the determined amount to the Board of Directors for approval;

4. To determine the compensation for members of the Nomination and Remuneration Committee (those who are not Company directors) on the basis of performance as well as duties and responsibilities; and, to propose the determined amount to the Board of Directors for approval;
5. To revise the Nomination and Remuneration Committee Charter and propose it to the Board of Directors for approval;
6. To engage in any other action as assigned by the Board of Directors.

In 2018, the Nomination and Remuneration Committee convened 2 meetings, and subsequently reported the results to the Board of Directors and reports to be disclosed in the Company's annual report. The meeting dates had been earlier decided throughout the entire year not including the extraordinary meeting. The details of the actions taken are disclosed "Management Structure" number 1.3: The number of Directors' meetings.

5. The Corporate Governance and Risk Management Committee

The Corporate Governance and Risk Management Committee is appointed by the Board of Directors to select qualified persons from Company director, management team or other person with experience and knowledge of risk management and good corporate governance. Such committee must consist of at least three persons, the term is one year, and selected by the Board of Directors after the annual general shareholders' meeting.

The Corporate Governance and Risk Management Committee consists of 8 members

| | Name | | Date of Appointment | Position | Position Period |
|----|-----------------|----------------|---------------------|----------|--------------------|
| 1. | Mr. Suthep | Dansiriviroj | May 6, 2014 | Chairman | May 2018- May 2019 |
| 2. | Mr. Teerayuth | Kaewcoon | May 6, 2014 | Director | May 2018- May 2019 |
| 3. | Mr. Apipong | Vischuveskamin | May 6, 2014 | Director | May 2018- May 2019 |
| 4. | Mr. Thanawat | Kamsri | May 12, 2015 | Director | May 2018- May 2019 |
| 5. | Mr. Nattawut | Yawaprapas | May 9, 2017 | Director | May 2018- May 2019 |
| 6. | Miss Naiyachan | Chongkolvanich | May 9, 2017 | Director | May 2018- May 2019 |
| 7. | Mr. Wattana | Suninlahong | May 8, 2018 | Director | May 2018- May 2019 |
| 8. | Mrs. Uthoomporn | Sinprajackpol | May 6, 2014 | Director | May 2018- May 2019 |

Secretary to the Corporate Governance and Risk Management Committee: Mrs. Uthoomporn Sinprajackpol

The Authorities of the Corporate Governance and Risk Management Committee

1. To be empowered to invite any related executives or employees to present their opinions, participate in meetings or submit documents as deemed necessary.
2. Seek for advice from the Company specialists or consultants (if any) or, if necessary, employ external consultants or specialists at the Company's expenses.
3. To be empowered to appoint a working team to implement corporate governance policy throughout the organization.

The Responsibilities of the Corporate Governance and Risk Management Committee

1. Corporate Governance

- 1.1 Stipulate, review and improve Corporate Governance Policy, Business Ethics and Code of Conduct Policies for Company directors, executives and employees, including Anti-corruption Policy and other regulations to conform to changes in business, related rules, regulations, announcements and relevant laws, on a continuous basis.
- 1.2 Formulate guidelines and procedures in accordance with the principles of good corporate governance and anticorruption policies, as well as monitor and provide counsel, advice and evaluation of their implementation in the development of the Company's corporate governance systems.
- 1.3 Promote and support Company Directors, management and employees to conform to Good Corporate Governance Guidelines and Anti - Corruption Policy.
- 1.4 To review, improve and amend the Charter of the Corporate Governance Committee and present it to the Board of Directors
- 1.5 To perform other functions assigned by the Board of Directors.

2. Risk Management

- 2.1 To determine risk management policies, targets, and to plan and establish corporate risk management systems clearly and consistently, as well as to ensure that the internal control system is adequate for effective management of major risks; and to report to the Board of Directors.
- 2.2 To encourage and stimulate cooperation in corporate risk management at all levels.
- 2.3 To monitor corporate risk management appropriately and effectively, including risks pertaining to fraud and corruption by giving priority to early warning signs and irregularities.
- 2.4 To oversee that the Company and its agencies fully comply with all relevant legal and regulatory requirements governing the conduct of its business operations.
- 2.5 To review and approve the Risk Management plan proposed by the working group.
- 2.6 To oversee and monitor the working group's performance regarding to the risk management implementation to ensure the effectiveness of plan.
- 2.7 To review, improve and amend the Charter of the Risk Management Committee and present it to the Board of Directors for approval.
- 2.8 To perform other functions assigned by the Board of Directors.

The company has set the risk management policy and distributed to the Board of Directors, the executives, and all employees. The policy is complied with the good corporate governance principle number 6: Providing the proper risk management and internal control systems. The details of the operation are disclosed through company's website, intranet and the annual information disclosure form (Form 56-1) section "Risk Factors".

In 2018, the Corporate Governance and Risk Management Committee convened 4 meetings, and subsequently reported the results to the Board of Directors and disclosed in the Company's annual report. The meeting dates had been earlier decided throughout the entire year not including the extra-ordinary meeting. The details are shown in "Management Structure" topic number 1.3: The number of Directors' meetings.

6. The Corporate Social Responsibility Committee

The Corporate Social Responsibility Committee is appointed by the Board of Directors to select qualified persons from Company director, management team or other person with experience and knowledge of corporate social responsibility. Such committee must consist of at least three persons, the term is one year, and selected by the Board of Directors after the annual general shareholders' meeting.

The Corporate Social Responsibility Committee consists of 6 members

| | Name | Date of Appointment | Position | Position Period |
|----|----------------------------|---------------------|----------|--------------------|
| 1. | Mr. Viroj Theeravatvatee | May 6, 2014 | Chairman | May 2018- May 2019 |
| 2. | Mr. Apipong Vischuveskamin | May 6, 2014 | Director | May 2018- May 2019 |
| 3. | Mr. Teerayuth Kaewcoon | May 9, 2017 | Director | May 2018- May 2019 |
| 4. | Mr. Thanawat Kamsri | May 9, 2017 | Director | May 2018- May 2019 |
| 5. | Mr. Wattana Suninlahong | May 8, 2018 | Director | May 2018- May 2019 |
| 6. | Mr. Pornsak Chuamuangphan | May 6, 2014 | Director | May 2018- May 2019 |

Secretary to the Corporate Social Responsibility Committee: Mr. Pornsak Chuamuangphan

The Authorities of the Corporate Social Responsibility Committee

1. To invite the management or Company relevant employees to provide explanations, opinions or Documents as necessary.
2. To consult with specialists or Company consultants (if any), or hire outside consultants or specialists, if necessary, at the expense of the Company.
3. Appoint the corporate team to monitor and support the Corporate Social Responsibility process.

The Responsibilities of the Corporate Social Responsibility Committee

1. Set the company's Corporate Social Responsibility Policy and framework.
2. Consider and scrutinize activities and policy for the Company's society and environment.
3. Consider and approve strategies and activities to meet CSR goals and policy of society and environment.
4. Endorse annual plan and budget for operations about society and environment.
5. Review and monitor progress of CSR activities and to appraise the achievements and the quality of CSR projects.
6. Give opinions and suggestions on CSR Policy and the Code of Conduct of the Company's business operation and employees.
7. Engage in other acts as assigned by the Board of Directors.

The Company has determined the written CSR policy for business operation and informed it to the directors, executives and employees at all levels. The policy provides an ethical framework for the business operations, taking into account the balance and fairness for all stakeholders. Such information has also been published on the Company's website, intranet system as well as in the Sustainable Development Report and the annual information disclosure form (Form 56-1) The CSR policy is as follows;

1. **Good Governance:** Sahacogen does business in accordance with the good corporate governance principles, ethics, moral, social benefits and stakeholders' fair treatment. The Company also focuses on increasing its values and supporting the Company sustainable growth.
2. **Anti-Corruption:** Transparency, integrity, and justice are the essence of Sahacogen's business operation. Illegal and immoral practices are not acceptable.
3. **Human Rights:** Sahacogen supports the human rights protection. All stakeholders and other people will be equally treated regardless of gender, skin color, race, religion and personal belief.
4. **Labor Practices:** Sahacogen provides fair employee benefits and welfares according to the labor laws and occupational health and safety management principles.
5. **Consumers and Suppliers:** Sahacogen is continually developing the operational system to efficiently deliver good quality products and services to customers. We treat our suppliers with fair trades. Moreover, we are focusing on building long term relationships with customers and suppliers.
6. **Environment:** Sahacogen promotes the resource management for sustainability. We ensure the compliance in environmental friendly procedures to reduce the risk and negative effects from our operation. We also help to preserve the local ecology systems and communities environment to be sustainable.
7. **Community Involvement and Development:** Sahacogen supports the local development in terms of education, economy and living quality. We encourage our staff to regularly participate in public benefit and local traditional activities.
8. **Innovation and Dissemination:** Sahacogen gives collaborative supports to local communities and local educational institutions to conduct studies in raw material productivity improvement, using by-products in creating new inventions, and also practically promote such ideas and practices to the local communities.

In 2018, the Corporate Social Responsibility Committee convened 3 meetings, and Sustainable Development Report the results to the Board of Directors and disclosed in the Company's annual report. The meeting dates had been earlier decided throughout the entire year not including the extra-ordinary meeting. The details of the operation are shown in "Management Structure" topic number 1.3: The number of Directors' meetings.

7. The Chairman

The authorities and responsibilities of the Chairman as a guideline to serves as the Chairman are described as below;

The Authorities and Responsibilities of the Chairman

1. Take responsibility as the leader of the Board of Directors in monitoring and supervising the operations of the Board of Directors and various committees.
2. Preside at the Board of Directors' meeting. In case of tie, the Chairman adds an additional vote as a casting vote.
3. Summon the Board of Directors' meeting or may assign another person to act on own behalf.
4. Preside at the shareholders' meeting and control the meeting to be in accordance with the company's regulations regarding the meeting. Conduct the meeting according to the agenda specified in the invitation to the meeting, unless the meeting resolves to change the order of the agenda by votes of not less than two-thirds of the shareholders present at the meeting.
5. Engage in other acts as assigned by the Board of Directors.

8. The Managing Director

The Board of Directors has clearly assigned the authority, duty and responsibility of the Managing Director as a guideline to serve as the Managing Director. The details are as follows:

The Authorities and Responsibilities of the Managing Director

1. Manage Company operations so as to well comply with the laws, objectives, Company regulations, resolutions by the shareholders' meeting, resolutions by The Board of Directors, resolutions by The Executive Board, and other standard practices concerned.
2. Direct or engage in necessary and appropriate acts, so as to achieve those purposes laid down in above item 1. Should the matter be deemed significant, the Managing Director is required to report said matter to The Board of Directors and/or The Executive Board.
3. Set Company regulations regarding work practice, which must not contradict with the policies, regulations, provisions, instructions, or resolutions, set forth by the shareholders' meeting, The Board of Directors' meeting, and/or The Executive Board's meeting.
4. Review and approve the recruitment, appointment, transfer, and dismissal of employees, granting approval to the promotion or disciplinary action against employees, as well as deciding on the remuneration and welfare benefits for employees. However, such action must not contradict with the authority and the decision by The Executive Board.
5. The authority of the Managing Director regarding the acquisition of assets and Connected transactions shall fall in line with Announcements of the capital Market Supervisory Board.
6. Authorize and/or assign other persons to carry out specific assignment on own behalf.
7. The exercise of authority by the Managing Director shall not be permitted, if he/she is deemed to have interests at stake, or have conflict of interests with the Company.
8. In the exercise of authority by the Managing Director, should there arise any doubt or unclear aspect regarding such action, the matter shall be forwarded to The Board of Directors for consideration and conclusion.
9. Other duties as assigned by the Executive Board.

Additionally, the Executive Committee has set up several sub-committees in order to have employees jointly organize the internal management appropriately, efficiently, and effectively to the Company. Each committee has at least one Executive Director to be a consultant. The established committees at present are as follows:

1. The Committee of Safety, Occupational Health and Working Environment
2. The Committee of Welfare
3. The Committee of Environment, Safety and Energy Conservation
4. The Committee of Managerial Policy
5. The Committee of Business Risk Management and Operation Risk Assessment
6. The Committee of Anti-Corruption
7. The Committee of Energy Management
8. The Committee of Environment Management

The Directors' Term of Office Holding

The Board of Directors was elected in the shareholders' meeting. According to the Company's regulations, the Directors can hold office for 3-year term as specified in the Public Limited Companies Act. The Directors who retire upon expiration of their office holding term can be re-appointed. The information of office holding, date-month-year, of the Directors and Independent Directors has been clearly disclosed.

- The Board of Directors does not specify the term of office holding for the Directors because the Board of Directors and shareholders are confident in the Directors' qualifications as the experts equipped with knowledge, business capabilities, determination, and high commitment.
- Like the Directors, the Board of Directors does not specify the term of office holding for the Independent Directors since both positions are appointed by the approval of the shareholders' meeting.
- The Board of Directors gathers information for decision making on the appointment of the Independent Directors who retires by rotation, and the number of years on such position, which shown on the notice of meeting and the annual report for consideration.

Holding Office Regulation for the Directors

- The Board of Directors does not limit the number of listed companies for the Directors to hold office.
- The Directors who hold office in other companies should be approved by the Board of Directors, according to the regulations of holding office for the Directors.
- Regarding holding office in the other listed companies, the Company's Directors and the Executives of the Saha Group, the Company has established policy and guidelines on such matter. The executives of Saha Group have also the directions and the management team to consider such criteria of those companies as types of business and the necessity in assigning the Director or the Executive of which companies of the Saha Group to be the Company's representative concerning partnership or partnership contract. If necessary, they will send the Director or the Executive who has knowledge, skills, and expertise in that area to hold office.
- The Company believes that each director's business expertise and capabilities should not be restricted by the number of companies which director served, as long as he/she proves to be capable and devotes enough to carry out own assignments in fulfilling the expectations by the Board of Directors and shareholders.

The disclosure of name and information of every Director holding office in other companies has been shown in the Form 56-1 and the annual report. At present, there are 1 Directors holding director positions in more than 5 listed companies. Nonetheless, the Company believes that it will not cause any impact on their performance. Furthermore, the Directors have shown their dedication in working and regular attendance in the meetings. Those are the reasons why the Company does not specify the number of listed companies for the Directors to hold.

Merger or Segregation

The Company prescribes that the Chairman of the Board of Directors shall not be an Executive Director, Managing Director and shall not have any relationship with the entire management. There is a clear separation in the functions with respect to supervisory policies and the management of routine

functions. The Company has prepared a Charter of the Board of Directors which clearly prescribes and delineates the powers of all committees and the Managing Director.

The Chairman of the Board of Directors is the leader and controller of Board of Directors meetings in order to ensure independence. All Directors are able to express opinions or make suggestions fully. The management of the executives is supported through the grant of powers and responsibilities to the Managing Director. The Board of Directors does not interfere with routine management work. Although the Chairman of the Board of Directors is not an Independent Director, the Company remains confident that the duties has always been undertaken with an understanding of good corporate governance principles. Decisions on significant matters approved by each relevant committee have achieved a balance and reviewed strictly.

Remuneration of the Directors and the Executives

The Nomination and Remuneration Committee would determine the appropriate remunerations by consideration of the experience, duties, scope of roles and functions, participation and responsibilities of each Director for proposal to the Board of Directors and to the meeting of shareholders for approval. In this regard, the Annual General Meeting of Shareholders No. 16 held on Monday April 23, 2018 approved directorial remunerations on the amount of not exceeding Baht 10 million per year. The Board of Directors has delegated to the Nomination and Remuneration Committee the tasks of determining the remunerations for the Directors and Sub-Committees, and then proposing the appropriate remuneration to the Board of Directors for approval.

The amounts of remuneration to each director are disclosed in the “Shareholders and Management Structure” of the annual report and the Form 56-1.

Roles, Duties and Responsibilities of the Board of Directors

1. Leadership and Vision

The Board of Directors is comprised of persons with knowledge, competence, skills and experience in the Company’s principal business. The vision, mission, strategies and goals as well as working plans and annual budget are determined in order to enhance operational efficiency for the greatest benefits of the business and achievement of the Company’s business goals. In this regard, the Board of Directors undertakes the duties of monitoring the management of the executive according to the various working plans, as well as the determination and delineation of roles, functions and responsibilities between the Board of Directors, executive officers, employees and relevant persons.

In addition, the Audit Committee has been entrusted with the function of supervising the operations of the internal audit section. Dharmniti Internal Audit Co., Ltd. was assigned to audit all procedures of the Company and its subsidiaries’ operation so as to ensure sufficiency for the business and to ensure suitable risk management in order to achieve the highest safeguard of interests. The principles of good corporate governance are applied as management tools for adding value to the business and the shareholders.

In regard to the Company’s vision and missions, the Board of Directors has supervised the Company’s performance by considering the quarterly report of operation, Company’s turnover, and security holding of the Directors and the executives in order to appropriately and timely adjust the Company’ strategies.

2. Good Corporate Governance

The Board of Directors appreciates the importance of good corporate governance. In consequence thereof, the Board of Directors has laid down a policy on corporate governance in writing, consisting of 4 parts

Establishment of the organization with the good governance culture

1. Corporate Governance Policies

The Company developed its Good Corporate Governance Principles in accordance with the “Principles of Good Corporate Governance for Listed Companies 2012” by the Stock Exchange of Thailand.

2. The Principles of Corporate Governance which are divided into 8 categories

Principles 1: Establish Clear Roles and Responsibilities

Principles 2: Define Objectives and Central Ideas

Principles 3: Strengthen Board Effectiveness

Principles 4: CEO and People Management

Principles 5: Nurture Innovation and Responsible Operations

Principles 6: Strengthen Effective Risk Management and Internal Control

Principles 7: Ensure Disclosure and Financial Integrity

Principles 8: Ensure Engagement and Communication with Shareholders

3. Business Ethics

3.1 Responsibilities to Stakeholders

3.2 Conflict of Interest

3.3 Receptions, Receipts and Grants of Gifts

3.4 Combating Dishonest Acts Corruption

3.5 Non-infringement of Intellectual Property

3.6 Non-violation of Human Rights

3.7 Safety and Occupational Hygiene

4. Code of Conduct for Company Directors, Executives and Employees

4.1 Formal Responsibilities

4.2 Maintenance of Company Assets

4.3 Informants and Complaints

4.4 Interpretations

In order to be a guideline for all employees to responsibly their duty with good conscious, to promote the implementation of good corporate governance systems in the organization, thus achieving transparency in business operations, trust of shareholders and general investors, stability to the business and generation of beneficial returns to the shareholders, stakeholders and the society as a whole as well as the promotion of advancement of employees. Revisions were made to certain parts of the business ethics and in compliance with ASEAN CG Scorecard, the tool to evaluate the grade of “good corporate governance for the listed companies” for the ASEAN countries.

For those who do not comply with such measures will be appropriately punished and might be prosecuted in the case of law violation. If employees are in doubt and cannot comply or make decision, they shall consult with sequence supervisor. In the case of dispute, the judgment from the Managing Director, the Executive Board and the Board of Directors will be considered as final order.

3. Conflict of Interests

The Board of Directors has clear guidelines for managing the avoidance of conflict of interests prudently and reasonably, and in order to confer the greatest benefits for the Company and the shareholders. Transactions which might entail conflicts of interests have been notified by the Company and the resolutions disclosed specifying the value of the transaction, the contractual party and reasons of necessity for entering into such a transaction in accordance with the rules of the Stock Exchange of Thailand. The interested Directors have left the meeting room and did not vote on such agenda so as to ensure independence in decisions and information were disclosed immediately in the interest of transparency. Connected transactions would be considered by the Board of Directors meeting on the suitability of the transaction and the Audit Committee would give its approval for the disclosure of information in the annual information report form (Form 56-1) and the annual report. The Company has conducted as the following principals;

1. Directors and the executives shall declare their personal and related persons conflict of interests by submitting the related person disclose form within 1 (one) month as from the effective date of the law, or as from the date of election/appointment.
2. If there is a change in information on interests, the amended interest report shall be submitted to the Company Secretary within 1 (one) month as from the date of the change.
3. The Company Secretary shall submit a copy of the report to the Chairman of the Board of Directors and Chairman of the Audit Committee within 7 (seven) days as from the date of receipt of interest report.

In 2018, all Directors and Executive Officers have already filed such reports, including any amendments according to the regulations.

4. Promotion of Social Responsibility, Environment, and Human Rights

The Company has realizes on the importance of social responsibility and environment in parallel with the business operation. Therefore, the Company focuses on fostering quality of life in surrounding communities, human rights awareness, and fair employment in the sustainable ways. The policy is stated in the annual report and the annual information disclosure form (Form 56-1) in “The Corporate Governance” section under the topic of Business ethics: Responsibilities to the stakeholders.

5. Internal Control and Audit

The Board of Directors attaches importance to and has installed a control system for operations, financial reporting in compliance with rules, regulations and policies. The Company has employed Dharmniti Internal Audit Co., Ltd. to audit the internal control and reported to Audit Committee, and the Board of Directors. The auditors have independence on their audit. The Board of Directors shall consider the suitability and adequate on internal control system in accordance with the COSO 5 principles i.e. the Control Environment, the Risk Assessment, the Control Activities, the information and Communication, and the Monitoring, which will be done every year. The details shows in the annual information disclosure form (Form 56-1) under the topic “The internal control and risk management”.

6. The Internal Audit

The Board of Directors has assigned the Audit Committee to inspect the sufficiency, appropriateness, and effectiveness of the internal control system. The results of the internal audit should be reported to the Board of Directors and shareholders.

In 2018, the assessment of the internal control system was reported some issues to be improved to the recipients and the related parties as well as properly recommendations for corporate operation, which were presented to the Board of Directors for consideration on the quarterly meeting.

The evaluation of internal control system was revealed in “Shareholders and Management Structure” in the annual report and the Form 56-1 under the topic “The internal control and risk management”.

7. Risk Management

The risk management is a policy implemented systematically in the organization under the supervision of the Corporate Governance and Risk Management Committee comprising the Executive Director and Manager. In this regard, the senior management of each department have been appointed as a commission responsible for the risk management according to the policy and assigned duties. The report on risk management is presented to the Audit Committee and the Board of Directors. If necessary, they can propose statement of necessity to the Board of Directors to be considered. Whenever there is a significant risk or an irregular transaction. These proceedings are taken to ensure that the level and magnitude of damages that could occur are maintained within acceptable, assessable and controllable levels for the organization that can be systematically inspected with due consideration to the organization’s goals.

In 2018, the Corporate Governance and Risk Management Committee reported findings and suggestions given to the related operating units. The actions and suggestions had been proposed to the Board of Directors quarterly.

The Company disclosed the risk management in “Risk Factors” and “Report of the Corporate Governance Risk Management Committee” in the annual report and the Form 56-1.

During the previous year, the Board of Directors has legally operated the Company in compliance with the laws and regulation. Therefore, there is no infringement on the official regulations found.

Board of Directors’ Meetings

1. The Board of Directors has determined that meetings shall be held at least every three months. An annual schedule of Board of Directors’ meetings is prepared wherein the agenda are clearly stated. The Company Secretary would submit such schedule in the December of each year together with the submission of documents at least 7 days prior to the meeting date so as to give the Board of Directors sufficient time to consider and examine the data prior to attending the meeting, except in the event of urgency for the protection of the Company’s interests where notice may be given less than 7 days. Each meeting would last approximately 2 hours.

A quorum of the Board of Directors’ meeting requires the presence of at least half of all directors.

2. All directors are considered as their duties to attend the meeting each time unless unable to do so due to significant obligation or illness. On consideration of other issues, the Chairman of the Board of Directors, be the Chairman of the Meeting, has invited the Directors to comment independently. The voting shall be held the majority. Each director shall have one vote and the director who have conflicts of interest in each agenda, as the case may be. In case that the voting is equal, the Chairman of the Meeting is entitled to one vote on a resolution.
3. The Board of Directors has focused on the management of the conflicts of interest of all parties carefully and fairly. The information must be completely disclosed. In the event that any directors have conflicts of interest with the benefit on the issued considered, such interested director has no right to make decision.

One the Board of Directors' Meeting, if there is a query or a need to obtain additional information from relevant persons, Managing Director would invite a high level management to give an explanation.

4. The Company Secretary would record the meeting and propose to the Executive Board to review prior to present to the Board of Directors' Meeting for endorsing on the first agenda of the next meeting and verified by signatures of the Chairman of the Board of Directors. In addition, the Directors can express opinion or amend on the Minutes of the Meeting before endorsement.

The Minutes of Meetings, already endorsed, are kept at the head office and filed the original minutes of meeting together with the relevant documents on each agenda for convenience of reference and searching.

5. Besides, the Board of Directors has allowed the Non-Executives Directors to hold meetings amongst themselves in the absence of the management in necessity and present to the board for acknowledgement.
6. The Board of Directors supported the joint meeting between the Board of Directors and the Executive Board at least once a year, to deliver yearly strategic targets and operation plans of the Company, as well as to build good relationships between directors and executives. Moreover, Chief Financial Officer has joined the Board of Directors' meeting at all times.
7. The Board of Directors has laid down a policy that independent directors arrange their own meeting, without executive directors or the management of the Company, at least once a year so that independent directors can consider and discuss various issues about management or issues that are of interest. The results of the meeting were informed to the Managing Director.

During 2018, Independent Directors and Audit Committee held the meeting without the management presence. The details are shown in annual report and the annual information disclosure form (Form 56-1) under topic "Management Structure".

In 2018, the Company has held 7 Board of Directors meetings which were considered as the appropriate numbers and adequate time for the performance of the Director and the nature of business. The majority of the board attended not less than 80% of the Directors meeting. If the Directors would like to have more information, they could make a request to the Company Secretary. The company's top management in finance and accounting division also attended all Board of Directors meetings.

The meeting schedule for the year 2019 had been marked. The extraordinary meeting could be called depending onto the circumstance.

- The Board of Directors

| No. | Board Of Directors | Executive Committee | Audit Committee | Nomination and Remuneration Committee | Corporate Governance and Risk Management Committee | Corporate Social Responsibility Committee |
|-----|--------------------|---------------------|-------------------|---------------------------------------|--|---|
| 1 | February 26, 2019 | January 29, 2019 | February 26, 2019 | February 18, 2019 | February 1, 2019 | February 21, 2019 |
| 2 | April 2, 2019 | February 20, 2019 | May 14, 2019 | December 11, 2019 | May 23, 2019 | May 23, 2019 |
| 3 | May 14, 2019 | March 19, 2019 | August 13, 2019 | July 19, 2019 | July 19, 2019 | July 19, 2019 |
| 4 | August 13, 2019 | May 7, 2019 | November 12, 2019 | October 21, 2019 | October 21, 2019 | October 21, 2019 |
| 5 | October 1, 2019 | June 4, 2019 | | | | |
| 6 | November 12, 2019 | July 9, 2019 | | | | |
| 7 | December 11, 2019 | August 6, 2019 | | | | |
| 8 | | September 24, 2019 | | | | |
| 9 | | October 29, 2019 | | | | |
| 10 | | November 26, 2019 | | | | |

Self-Assessment of the Board of Directors

The Board of Directors has established the policy of the Board assessment at least once a year. The assessment allows each Board member to discuss the about the past performance, limitations and problems to improve the Board's efficiency.

In 2018, the Company Secretary delivered the self-assessment of the Board of Directors form which is in accordance with the criteria of the Corporate Governance Center, the Stock Exchange of Thailand to each director. Such assessment is covered to the policy of the Boards, the director structure and the practices of the Boards, and the preparation and implementation of the Meeting in order to be the guidelines on operation improvement. Every director was independent in taking such evaluation.

The assessment score is set as indicated in the table.

| Criteria | Score |
|-----------|-----------------------|
| Excellent | 90 percent and higher |
| Good | 70 percent and higher |
| Fair | 50 percent and higher |
| Poor | 30 percent and higher |
| Bad | 20 percent and higher |

1. Self-Assessment of the Board of Directors

The Company carried out the board's performance assessment, divided into 4 aspects as follows:

1. Board structure and qualifications
2. The Board of Directors' meeting
3. Roles, duties and responsibilities of the Board of Directors
4. Other topics

The evaluation result for the year 2018 was in “Excellent” level with the average score of 95.42%

2. Self-Assessment of the Board of Directors

The Company carried out the board’s performance assessment, divided into 3 aspects as follows:

1. Roles, duties and responsibilities of the Board of Directors
2. Duties of Directors
3. Director’s self-improvement

The evaluation result for the year 2018 was in “Excellent” level with the average score of 91.61%

3. Self-Assessment of the sub-committees

The Company carried out the board’s performance assessment, divided into 3 aspects as follows:

1. Board structure and qualifications
2. Roles, duties and responsibilities
3. The Board of Directors’ meeting

The Board of Directors has set the performance assessment for all sub-committees in 2018, the evaluation results can be summarized as below;

| Sub-Committees | Evaluation Result | Result |
|--|-------------------|-----------|
| Executive Committee | 92.12 % | Excellent |
| Audit Committee | 96.44 % | Excellent |
| Nomination and Remuneration Committee | 90.00 % | Excellent |
| Corporate Governance and Risk Management Committee | 85.23 % | Good |
| Corporate Social Responsibility Committee | 85.45 % | Good |

4. Self-Assessment of the Managing Director

With regard to the performance appraisal of Managing Director, this would be carried out annually by the Chairman and the Board of Directors based on the company goals and operating performance.

Development of Directors and the Executives

The Board of Directors and the executives have appreciated their roles, duties and responsibilities to the Company. Thus, the Company has attached importance to the development of all personnel throughout the organization, consistent with the leadership and vision of the Directors and the executives, in order to enhance knowledge, competencies, skills and potentials. The Board of Directors and the executives are encouraged to attend seminars and training courses that are beneficial to the performance of functions as are held internally or externally, including work visits.

Guidelines to enhance the Corporate Governance for the Directors

Foundation

- Director Certification
- Director Accreditation
- CG for Capital Market Intermediaries
- CG for Family Business

Committee

- Chairman
- Audit Committee
- Nomination and Governance Committee
- Compensation Committee
- Risk Management Committee

Functional

- Chartered Director
- Finance
- Strategy Formulation
- Strategy Measurement
- Risk Planning
- DCP Update

Guidelines to enhance the Corporate Governance for the Executives

Foundation

- CG for Executives
- CG for Capital Market Intermediaries
- CG for Family Business

Functional

- Board Reporting
- Risk Management Committee
- Risk Planning
- Strategy Formulation
- Strategy Measurement

1. Developments for the directors and the management

The Company Directors' attendance at training sessions conducted by the Thai Institute of Directors Association (IOD)

| Training Courses | | Director Accreditation Program (DAP) | Director Certification Program (DCP) | Finance for Non-Finance Director (FND) | Audit Committee Program (ACP) | Role of the Chairman Program (RCP) | Risk Management Committee Program (RMP) | Role of the Compensation Committee (RCC) | Company Secretary Program (CSP) | Advanced Audit Committee Program (AACP) |
|-------------------|----------------|--------------------------------------|--------------------------------------|--|-------------------------------|------------------------------------|---|--|---------------------------------|---|
| Name | | | | | | | | | | |
| Mr. Sujarit | Patchimnun | 41/2005 | - | - | - | - | - | - | - | - |
| Mr. Boonkiet | Chokwatana | 3/2003 | 41/2004 | - | - | - | - | - | - | - |
| Mr. Thirasak | Vikitset | 3/2003 | 68/2005 | - | - | - | - | - | - | - |
| Mr. Atthakorn | Glankwamdee | 3/2003 | 68/2005 | - | - | - | - | - | - | - |
| Mr. Viroj | Theeravatvatee | 12/2004 | 68/2005 | - | - | - | - | - | - | - |
| Mr. Suthep | Dansiriviroj | 32/2005 | 60/2005 | - | - | - | 5/2014 | 7/2008 | - | - |
| Mr. Sontaya | Tabkhan | - | - | - | - | - | - | - | - | - |
| Mr. Vichai | Kulsomphob | - | 61/2005 | - | - | - | - | - | 18/2006 | - |
| Mr. Boonyarith | Mahamontri | 3/2003 | 68/2005 | - | - | - | - | - | - | - |
| Mr. Nophorn | Bhongsvej | 38/2005 | 71/2006 | - | 12/2006 | - | - | - | - | - |
| Pol. Gen. Somchai | Prabhasabhakdi | 25/2004 | 51/2004 | - | 2/2004 | 12/2005 | - | - | - | - |
| Mr. Amorn | Asvanunt | 4/2003 | - | - | - | - | - | - | - | - |
| Admiral Apiwat | Srivardhana | 109/2014 | 197/2014 | - | - | 36/2015 | - | - | - | 19/2015 |

The details are shown in annual report and the annual information disclosure form (Form 56-1) under topic "The Board of Directors Information"

2. Training and seminar attended by the Board of Directors in 2018

| Name | Training Course/ Seminar |
|--------------------------|--|
| Mr. Viroj Theeravatvatee | Renewable Energy in Thailand (NIDA) |
| Mr. Nophorn Bhongsvej | Audit Committee Forum 2018 Topic "Learn, unlearn and relearn - Audit Committee in the Age of Disruption" (IOD) |

3. Relevant parties in Corporate Governance

The Company Secretary, the secretary to the Audit Committee and managers are regularly supported and engaged to attend assorted training courses and seminars organized by The Securities and Exchange Commission (SEC), The Stock Exchange of Thailand (SET), Thai Listed Companies Association (TLCA), Thai Institute of Directors (IOD), and other institute continually and consistently as follows;

4. Training and seminar attended by relevant parties in Corporate Governance in 2018

| Name | | Training Course/ Seminar |
|----------------|----------------|--|
| Mrs. Pannee | Chantavaraluk | “The disclosure based on new CG Code” (SET) |
| Miss Naiyachan | Chongkolvanich | |
| Mrs. Pannee | Chantavaraluk | “Enhancing Good Corporate Governance based on CGR Scorecard” (SEC) |
| Miss Naiyachan | Chongkolvanich | |
| Mrs. Pannee | Chantavaraluk | “Good IT Governance : Risk Management and Data Responsibility (SEC) |
| Mr. Apipong | Vischuveskamin | The change of new natural gas pricing structure for industrial sector (NGR and NGD) (The Federation of Thai Industries) |
| Mr. Apiwat | Muangkam | |
| Mrs. Pannee | Chantavaraluk | “The disclosure based on new CG Code apply or explain” (Thailca) |
| Miss Naiyachan | Chongkolvanich | |
| Mr. Amornpong | Laormatana | SMART SMEs: Your Success Story Begins (BOI) |
| Mr. Apiwat | Muangkam | |
| Mr. Apipong | Vischuveskamin | roundtable Dissussion 2018 “Driving business value & sustainability thought active investors” (SEC) |
| Miss Naiyachan | Chongkolvanich | The Efficient way for businesses to act against the bribery (The National Anti-Corruption Comission) |
| Mrs. Pannee | Chantavaraluk | Driving Proactive sustainability (Money Channel, Money & Wealth Magazine and PTTEP) |
| Miss Naiyachan | Chongkolvanich | |
| Mrs. Pannee | Chantavaraluk | Road to Certify (IOD) |
| Miss Naiyachan | Chongkolvanich | |
| Mrs. Pannee | Chantavaraluk | Building Trust in Transforming Economy (SEC) |
| MS. Phatcharin | Sangphok | |
| Miss Naiyachan | Chongkolvanich | “Data Protection for Business : Road to GDPR Standard” (SET and The Faculty of Law, Chulalongkorn University) |
| Ms. Potchanee | Horthongkam | |
| Mr. Teerayuth | Kaewcoon | CFO Focus on Financial Reporting #7 (FAP) |
| Miss Penpak | Vongrakvanich | |
| Mr. Nattawut | Yawaprapas | |
| Miss Naiyachan | Chongkolvanich | SET Portal (SET) |
| MS. Phatcharin | Sangphok | |
| Mrs. Pannee | Chantavaraluk | Annual Report submission in QR Code format and Listed Company Solution (Thailca) |
| Miss Naiyachan | Chongkolvanich | |

5. Orientation of New Directors

The Company has arranged for the orientation of new Directors in order to inform them of the Company’s policies and relevant information, such as the Company’s principal business, operating results, organizational structure, and shareholders, including relevant rules and regulations as well as plant visit to each subsidiary of the Company. Also, for the benefit of the discharge of functions by new Directors, the Company has prepared a handbook for Directors as follows;

Director's Handbook

1. Securities and Exchange Act (No. 4) B.E. 2551 (2008)
2. Charter of the Board of Directors
3. Certificate of Registration as a Public Limited Company
4. Company Certification and Objects of the Company
5. Good Corporate Governance Handbook
6. SEC's Listed Company Directors Handbook
7. Anti-Corruption Handbook

Other Information

- Visions, mission and goals of the Company;
- Annual Report together with the presentation on the Company's business description for new Directors
- The Company's video presentation

In 2018, the company held 1 orientation session for 2 new directors.

6. Company Secretary

Under the Securities and Exchange Act (No. 4) B.E. 2551 (2008), the Board of Directors is required to appoint the Company Secretary to take responsibility for carrying out proceedings prescribed by law on behalf of the Company or the Board of Directors. In this regard, the Board of Directors has appointed Mrs. Pannee Chantavaraluk as the Company Secretary. She has been trained on the Company Secretary Program from the Thai Institute of Directors (IOD).

Moreover, the office of the Company Secretary consists of officers having law and accounting knowledge, who have been trained on the Fundamental Practice for Corporate Secretary from the Thai Listed Company Association to reinforce their capabilities. Besides, they were assigned to conduct the orientation for the new Directors, as well as to enhance knowledge and understanding on Good Governance to the Directors, the executives, and employees. In other words, they perform as the Compliance Unit in building the corporate image.

Guidelines to enhance the Corporate Governance for the Company Secretary**Foundation**

- Company Secretary Program

Functional

- Board Reporting
- Company Reporting

Extension Skill

- Strategy Formulation

The Directors and Top management Appointment

1. The director and independent director recruitment

The Board of Directors

1. The combination of the Board of Directors should be composed people from various educational backgrounds, profession experiences and skills. All qualifications should be beneficial to the company business. Meanwhile, there must be no exclusion by gender, age and nationality.
2. Leadership, vision, ethics, morality shall be the factors for consideration. Past performance of the candidate must be transparent without illegal qualifications and comply with the company's articles of association.
3. The director re-election should consider past performance appraisal as the member of the Board of Directors and/or subcommittee. The shareholders should have such information for consideration.
4. The independent directors must have the qualifications complying with rules and regulations set by the Capital Market Supervisory Board

The director recruitment process

1. The Nomination and Remuneration Committee is entitled to seek for a qualified person as the company Board of Director's member. The approval is subject to the majority of company shareholders' vote. In the case where a position on the Board of Directors becomes vacant due to reason other than completion of term and where the remaining term is longer than two months, the Board of Directors shall appoint a properly qualified individual proposed by the Nomination and Remuneration Committee to fill the vacant post with at least three forth vote. The replacement member is to only serve the remaining term of the member whom he/she replaces.
2. The company is open to the minority shareholders' proposal of the qualified candidate.
3. The Nomination and Remuneration Committee may consider candidates from the director pool list of Thai Institution of Directors (IOD)
4. The Nomination and Remuneration Committee will consider the past experiences and expertise as the supportive factors in the recruitment in order to serve with long term corporate strategy.
5. The new Board member appointment will also be considered by the mixture of the Board of Directors' experience and expertise in the areas needed.

Independent director's qualifications

The Board of Directors resolved to adopt the definition for "independent director" having qualifications in accordance with the notification of the Capital Market Supervisory Board as follows:

1. The person must hold no more than 1% of shares with voting rights of the Company, the parent Company, the associates, the affiliates, the major shareholders or the entities with the authority to control the Company; inclusive of shareholding by individuals related to such independent directors.
2. The person must not be serving, or have served, as a director who is involved with the management, or a staff member, an employee or a consultant with a monthly wage. The person also must not be or be an individual with the authority to control the Company, the parent Company, the associates, the affiliates, the associates of the same level, the major shareholders or of the entities with the authority to control the Company, with the exception of the case where he or she has retired from such a position for at least two years prior to the day on which he or she is appointed as an independent director. The ineligibility however does not include the case where an

independent director has previously served as a public servant or a consultant of a government agency which is a major shareholder of, or an entity with the authority to control the Company.

3. The person must not be related by blood or law as father, mother, spouse, sibling or child, spouse of son or daughter of executives, major shareholders, individuals with the authority to control the Company or candidates for the position of an executive or an individual with the authority to control the Company or an associate.
4. The person must not have, or have had, a business relationship with the Company, the parent Company, the associates, the affiliates, the major shareholders or the entities with the authority to control the Company, in such a manner that may interfere with one's independent discretion. The person also must have not been or has been a shareholder, individuals with the authority to control the Company, of the person who has business relationship with the Company, the parent Company, the associates, the affiliates, the major shareholder or the entities with the authority to control the Company. There is an exception in the case where he or she has retired from such a position for at least two years prior to the day on which he or she is appointed as an independent director.

The business relationship as described in the above paragraph is inclusive of normal trading transactions for the conduct of business; lease or letting of immovable; transactions relating to assets or service; provision or acceptance of financial assistance through acceptance or provision of loans and guarantees, the use of assets as collateral and other such practices which result in the Company or the party to the agreement being under the obligation to repay the other party for an amount from 3% of net tangible assets of the Company or from Twenty Million Baht whichever is lower. The calculation of such obligation to debt is to be in accordance with the related transaction value calculation method as per the Announcement of the Capital Market Supervisory Board on the Related Transaction Criteria with exceptions. The said obligation to debt includes that which has materialized during the period of one year prior to the day of business relationship with the same individual.

5. The person must not be, or has been, an auditor of the Company, the parent Company, the associates, the affiliates, the major shareholders or the entities with the authority to control the Company. The person also must not be a significant shareholder, an individual with the authority to control or a partner of the audit office with which the auditor the Company, the parent Company, the associates, the affiliates, the major shareholders or the entities with the authority to control the Company is associated. There is an exception in such case where he or she has retired from such a position for at least two years prior to the day on which he or she is appointed as an independent director.
6. The person must not be, or has been, a provider of a professional service including the service as a legal consultant or a financial consultant for which greater than Two Million Baht of fee is paid per year by the Company, the parent Company, the associates, the affiliates, the major shareholders or the entities with the authority to control the Company. The person also must not be a significant shareholder or an individual with the authority to control or a partner of such provider of professional service. There is an exception in such case where he or she has retired from such a position for at least two years prior to the day on which he or she is appointed as an independent director.

7. The person must not be a director appointed to represent a director of the Company, a major shareholder or a shareholder who is related to a major shareholder.
8. The person must not be in a business of the same nature as, and of significant competition to, that of the Company or an associate. The person also must not be a significant partner in a partnership; a director who is involved with the management ; a staff member; an employee; a consultant with a monthly wage; as well as, a shareholder who holds more than 1% of shares with voting rights of another Company which is engaged in a business of the same nature as and of significant competition to that of the Company or an associate.
9. The person must not have any other characteristic which is an obstacle to the giving of free opinion on the operation of the Company.

In the event of any announcement by the Capital Market Supervisory Board imposing the revision to the qualifications for independent director, the Company's independent director would thereby be required to possess such qualifications well complying with such revision.

After having been appointed as an independent director following the qualifications specified under items (1) through (9) above, the independent director may be assigned by the Board of Directors to make decisions on the operation of the Company, the parent Company, the associates, the affiliates, the associates of the same level, the major shareholders or the entities with the authority to control the Company in the manner of a collective decision.

Additionally, in the past accounting period, the independent directors of the Company had neither business relationship nor professional services. Also, the appointed independent directors never have or had business relationship or professional services exceeded than the rules stipulated in the notification of the Capital Market Supervisory Board regarding the Application for and Approval of Offer for Sale of Newly Issued Shares.

2. The rights accorded minor shareholders regarding director(s) appointment

Nomination of Directors

The Company provided minor shareholders with the opportunity to nominate candidates to be appointed as Company directors at the annual shareholders' general meeting in advance according to the criteria specified by the Company, whose further details were displayed on the Company website under the heading "Investor Relations : IR News".

Vote-casting method for director appointment

According to the Company's Articles of Association, the chapter 3 on the item 11, the shareholders' meeting was authorized to appoint Company directors according to the criteria and method as follows:

- One shareholder shall have one vote per one share.
- Each shareholder must exercise all of the votes he or she has under the first paragraph to elect one or several persons to be a director or directors and must not allot his or her votes to any person in any number.
- The persons receiving the highest number of votes, followed by those with descending highest number of votes shall be elected as the directors fulfilling the number of directorship required to be elected by the shareholder's meeting. In case the number of votes for the candidates in descending order are equal and exceed the number of directors to be elected at said meeting, the Chairman shall cast the deciding vote.

3. The selection of the management and top executive

The selection of the management

The selection process for the persons to further serve in management positions for the Company begins with the selection of the persons having good qualifications and sound morality and ethics to join the Company. The Company then trains and develops these people to be well-prepared to meet the challenges as future management members, through its consistent evaluation process of employees' potentials and capabilities. Those employees so selected and trained by the Company would be assigned to work in the positions having higher authority and responsibility scope. As general practice, the Company regularly carries out training programs seeking to upgrade employees' potentials to a higher level, so as to be well-prepared to take up further significant positions when they become vacant.

The selection of the Chief Executive Officer

With the regard of selection methods for the Company's Chief Executive Officer, the Nomination and Remuneration Committee shall consider and select from the current management or others, with qualified knowledge and abilities, who understand the Company's business very well, as well as be able to manage to achieve the objectives and targets set by the Board of Directors, and also not be prohibited by laws. Accordingly, such person is then proposed to the Board of Directors for consideration of appointment.

4. Supervising the operations of subsidiaries and associates

The Nomination and Remuneration Committee will make a decision in selecting the person and present it to the Board of Directors to consider selecting the person nominated and appointed to be a director in subsidiaries and associate. The number of individual that the Company voted to appoint as a director is in accordance with the Company's proportion of shareholding. The person who was appointed as a director in subsidiary or associated companies was entitled to perform the operations for the best interests of their subsidiaries or associate, unless it is important policies affecting the Company's business operations. The Company required the appointed person to be approved by The Executive Board and / or the Board of Directors prior to cast a vote. The company has no control power over the selected Board of Directors' operating decisions.

The Company has laid down the policy for subsidiaries and associate that is the Company's main business to have proper and adequate internal control systems. Such internal control systems of the company and subsidiaries were monitored annually by Dharmniti Internal Audit Co., Ltd.

Furthermore, the Company has assigned the person who was appointed by the Company to oversee its subsidiaries and associate company to operate and disclose significant information according to the rules in the same way as the Company performed, such as making connected transaction, the acquisition or disposition of assets, or making other important transactions. The assigned person also has to supervise the information storage and bookkeeping of the subsidiaries and associate company for the Company, so that it can be reviewed and collected for financial statements in due time. The mission also includes the subsidiaries application to be members of Thai's Collective Action Coalition Against Corruption (CAC). The subsidiaries were successfully accredited as CAC members on February 12, 2018.

The Company had no agreements between the Company and other shareholders in the

management of subsidiaries, totaling 2 companies (Sahacogen Green Co., Ltd. and Sahagreen Energy Co., Ltd., since it is a major shareholder and no other persons holding shares more than 10 percent of the shares with voting rights of subsidiaries. In addition, the Company had no agreements between the Company and other shareholders in sharing returns beyond normal returns according to proportion of their shareholding in subsidiaries. For Sahagreen Forest Co., Ltd, its subsidiary, the Company has the agreement with other shareholder in accordance with “Joint Venture Agreement for Biomass Power Plant Project” at August 21, 2010.

Supervision of Internal Data Use

The Company has policies to the use of insider information by determining in the Company’s code of business ethics to implement to the Company and shareholders, including the code of employee conduct. The directors, the executives and employees must behave with integrity, accountability and moral consciousness. Under no circumstance should they exploit their authority for the benefit of themselves and / or others. All relevant employees must protect the interests and the Company’s asset. They must not use the Company’s information or assets for benefit of themselves and/or not to engage in any action which assists any individual in business that competes with Company. The code of business ethics were distributed to directors, executives and staff, also disseminated via the Company’s website. The Company monitors internal data use in line with the Corporate Governance in written and published on the Company’s intranet system such as the Code of Conduct; manuals about responsibility for directors, managers and employees; and guidelines regarding to company anti-corruption policy. The newly hired members will be informed such details on the first day of their work. The summary of significant policy is described as following;

1. The Company shall provide the directors, managers and employees with knowledge and understanding about reporting of their securities holding and changes in securities holding in the Company to the SEC according to Section 59 of the Securities and Exchange Act B.E. 2535. They have the duty to report their holding of the Company’s securities within 3 days from the date of the change by submitting through online system provided by SEC. The report submission is subjected to the guideline announcement Sor Jor 38/2018 dated July 16, 2018 regarding to the preparation and the submission of the report for changing in derivatives and securities holding by directors, managements, auditors, planners and plan managers. The Company Secretary is to submit a summary report on the said securities holding and changes in securities holding in the Company to the Board of Directors’ meeting for acknowledgement. They must also be informed of punishment clauses for any violation or non-compliance with the said regulation.
2. It is prohibited to disclose the Company’s annual financial statements or others to outsider or unrelated persons. Persons who are relating to inside information are not allowed to engage in the Company’s securities trading within 1 month before the quarterly financial statements, and the Company’s annual financial statements are published to the public, and for 24 hours after important information are being disclosed. If such regulation is violated, the punishment is ranged from warning, deducting wages, being suspended to being laid off, which should be considered and approved by the Board of Directors.
3. The company has set a policy for directors and top management to inform the Board of Directors and/ or company secretary about the company’s security or share trading at least 1 day prior to trading.

4. The company has introduced the measures for monitoring of the company director and the management's conflict of interest by requiring them to declare the conflict of themselves and/or related persons based on the company policy.
5. At the same time, the Company also developed internal control system regarding inside information, by applying information technology system to classify inside information access level for each employee level, through the setting of ID code for accessing such information.

In 2018, the Company did not receive any warning letter of rules and regulations violation from the Securities and Exchange Commission (SEC).

Auditor Fees of the Auditor

1. Audit Fee

The Company and its subsidiaries made remuneration payments as audit fees to EY Office Limited, where the auditors were attached to:

| Company | Audit Fee | |
|----------------------------|------------------|------------------|
| | 2017 | 2018 |
| Sahacogen (Chonburi) PLC. | 1,155,000 | 1,275,000 |
| Sahacogen Green Co., Ltd. | 570,000 | 610,000 |
| Sahagreen Forest Co., Ltd. | 350,000 | 370,000 |
| Sahagreen Energy Co., Ltd. | 150,000 | 150,000 |
| Total Audit Fee | 2,225,000 | 2,405,000 |

2. Non-Audit Fee

The Company and its subsidiaries paid for other services as follows:

| Company | Facilitator | Non-audit Fee | |
|-----------------------------|-------------------|----------------|----------------|
| | | 2017 | 2018 |
| Sahacogen(Chonburi) PLC. * | EY Office Limited | 50,000 | 80,000 |
| Sahacogen Green Co., Ltd.* | EY Office Limited | 80,000 | 80,000 |
| Sahagreen Forest Co., Ltd.* | EY Office Limited | 80,000 | 80,000 |
| Total Non-Audit Fee | | 210,000 | 240,000 |

Remarks: * BOI examination is 80,000 Baht/certificate as at year 2018.

Compliance with good corporate governance principles in other matters

The Board of Directors has placed importance on building good corporate governance practice, and upgrading those practices on a continuous basis, to enable company operations to be carried out in a transparent and effective manner, leading to further growth and stability for the company. Furthermore, such practice was aimed at contributing to further economic value and long-term wealth for the shareholders, while providing fair treatment to all stakeholders concerned. The company has set the policy to achieve balanced business operations under changing social and economic environments, based on sufficiency economy principles, and in compliance with good governance practice principles for listed companies.

The Board of Directors annually reviews the corporate governance guideline. The second revision of the guideline has been completed and complied with Corporate Governance Code for listed companies 2017. The revised guideline has been approved by the Board of Directors in the meeting No. 7/2018 on December 2018 and has been effective since December 12, 2018. The guideline covers 4 topics which are the policy of the company for good corporate governance, 8 principles of corporate governance, business ethics; and code of conduct for directors, managements and employees. The details are shown in the company website under the investor relations section, topic corporate governance.

The 8 Principles of Corporate Governance

Principle No. 8: Ensure engagement and communication with shareholders

1. The Rights of Shareholders

The Board of Directors recognized the importance of the shareholders and respected their ownership rights. Accordingly, the Company ensured that its corporate governance policy also carried provisions to safeguard the shareholders' rights, while ensuring that any action taken by the Company would not infringe upon their rights. Accordingly, the Company provided for the facilitation of rights exercise by all shareholders, including minor shareholders and institution investors, as follows:

1.1 Basic rights

Referred to the right for shares transaction, the right to receive profits allocation in term of dividend payment based on outstanding shares, the right to access Company information in sufficient, timely, and consistent manner, the right to attend and cast votes at the shareholders' meeting, the right to elect individual Company director and approve directors' remuneration, the right to appoint Company auditor and approve audit remuneration, and the right to appoint proxy to attend and cast vote on his/her behalf.

1.2 The right to significant information access

Shareholders were entitled to access information on an equitable basis. In that regard, the Company facilitated information distribution in both Thai and English languages, via the channels of the Stock Exchange of Thailand and Company website, to provide shareholders with additional access channel. Such information included performance results, connected transactions, changes in the funding structure, changes in supervisory control, transactions of significant Company assets, and other information essential for decision-making by shareholders.

1.3 The Right to Attend Shareholders' Meetings and Voting Rights

The company support and facilitate shareholders to attend the meeting. The Board of Directors has to hold an annual general meeting of shareholders every year within 4 months (120 days) as from the end of the Company's annual accounting year. In case of emergency which the Company needs to propose special agenda regarding shareholders' benefit, regulations or related laws which need to be approved by shareholders, the Company shall call for an extraordinary shareholders' meeting. The suitable date and easy to access venue should be taking into the consideration in calling for a meeting.

In 2018, the Company did not call for extraordinary shareholders' meeting.

Treatment of Shareholders prior to the Meeting of Shareholders

In 2017, the Company conducted the Annual General Shareholder's Meeting No. 16 on April 23, 2018.

1. In this respect, the shareholders holding one share or several shares, but not over 5% of total number of shareholders with voting rights, were allowed to propose agenda and nominate the candidates to be elected as the Director in advance according to the Company's regulations, during November 13 - December 31, 2017. The Company informed such information to the shareholders through information board of SET and on the Company's website, www.sahacogen.com under the item of "Investor Relations" on November 13, 2017. Nonetheless, there was neither meeting agenda nor nomination of the Directors proposed in advance.
2. The shareholders were notified of the resolution determining the date of the Annual General Shareholders' Meeting No. 16 for 63 days prior to the meeting date, on February 20, 2018, on the Company's website, www.sahacogen.com, and through SET channel system. Therefore, the shareholders enabled to set aside time for attending the meeting.
3. The meeting notice together with all relevant documents in both Thai and English were published on the Company website (www.sahacogen.com) on March 15, 2018, which was not later than 40 days in advance of the meeting date. The same information was sent to the Thailand Securities Depositary Company Limited, the Company's Share Registrar, for forwarding to shareholders in document format (English version for foreigner shareholders) on March 30, 2018, 24 days prior to the meeting date, so as to give the shareholders sufficient time to study the meeting documents. Advertisements were also placed in daily newspapers for a period of 3 consecutive days, and 27 days prior to the meeting date, which was on March 28-31, 2018.
4. The company has opened to the questions from minority shareholders during March 28 – April 16, 2018. The announcement was made through company's website as well as in the meeting invitation document. There was not any question from the minority shareholders.
5. Shareholders are notified of the rules and procedures for attending the meeting on the invitation letter, with which Proxy Form B as prescribed by the Ministry of Commerce was also attached so as to enable shareholders who were unable to attend the meeting to grant proxies to other persons or grant proxies to Independent Directors who are Audit Committee of the Company as specified or a choice of either Proxy Form A or Proxy Form C. All three proxy forms can be downloaded from the Company website; www.sahacogen.com. The Company also publicized such guidelines through the press release system of the Stock Exchange of Thailand.

The Treatment of Shareholders on the Meeting of Shareholders

1. The Company has a policy to support and facilitate the shareholders, including institutional investors, to attend the general meetings of shareholders. The Company decided to set the meeting date, time, and venue in such manner being most convenient and not posing problems to the shareholders to attend. For 2018, the Company held the shareholders' meeting on Monday, April 23, 2018, at 14.00 p.m., at the Montien Riverside Hotel where the mass transit system is available and sufficient for the shareholders and institutional investors.

2. Shareholders were able to register with the barcode system at least 2 hours prior to the meeting and in the subsequent period until the end of the meeting, a right given to shareholders attending after the meeting had already commenced. Such late comers would have the right to cast votes in the pending agenda that had not yet been voted on. The quorum would be counted as from the agenda of first attendance and vote, except where held otherwise by the shareholders. The Company assigned adequate staff members to administer the registration and prepared duty stamps for affixing with free of charge on the Proxy Form on their behalf. In case that the shareholders were unable to attend the meeting, they might grant proxies to other persons or grant proxies to Independent Directors who are Audit Committee of the Company as specified for retaining the right. In addition, the Company handed out ballot paper and voting card to each shareholder.
3. The Board of Directors has given significance to the meeting of shareholders. It is deemed as a duty to attend every meeting, with the exception of illnesses or other important engagements. In the Annual General Meeting of Shareholders No.16 held on Monday April 23, 2018, there were 12 directors of the Company attended the meeting, presented as 100%; Chairman of all sub-committees attended the meeting, including the Chairman of the Board of Directors, Chairman of the Executive Board, Chairman of the Audit Committee, Chairman of the Nomination and Remuneration Committee, Chairman of the Corporate Governance and Risk Management Committee, Chairman of the Corporate Social Responsibility Committee, Executive Director, Managing Director, General Manager, Chief Financial Officer, Business Development Department Manager, Accounting Division Manager, Public Relations and Community Relations Division Manager and Quality, Safety and Environment Management Division Manager and Administration and Information Technology Division Manager well as Mr. Thannop Chanchiaw and Mr. Nattanont Krissanarungreung, auditors of EY Office Limited attending the meeting to give explanations and respond to any questions posed on matters related to the meeting agenda, or related to the person in charged, and Mrs. Kobsuk Saengsawad, Miss Supanee Luengsathid, the lawyers of Weera Law Office Co., Ltd. and Mr. Nattanont Krissanarungreung, the auditor of EY Office Limited, also attended the meeting and acted as inspectors counting votes. The representative from Thai Investor Association was an absolver.
4. Prior to the commencement of meeting pursuant to the agenda, the Company Secretary notified the meeting of the number and proportions of shareholders presenting and declared the meeting open. An explanation was given on the voting procedures and vote-counting procedures for shareholders casting votes in each agenda according to the law and articles of the Company. The Chairman of the Board, acting as the chairman of the meeting, convened the meeting, defined the voting rights in the meeting commensurate with the number of shares held, with one share equal to one vote.

After the meeting has started the new attending shareholders will be able to join and vote in the agendas awaited for voting. The attending shares will be counted as a quorum.
5. The shareholders' meeting was carried out in accordance with the agenda notified in the meeting notice. No additions or changes were made to significant data without giving prior notice to the shareholders. Appropriate and sufficient time was set aside for presenting various matters in each agenda and opportunities were given to shareholders to pose questions and express opinions fully in each agenda. In 2018, there was no question from the shareholders
6. Votes were cast openly. Voting on each agenda is made by barcode system; voting card and ballot were prepared for all shareholders. In vote counting, only votes for disapproval and/or abstentions were counted and there were deducted from the total shares represented in the meeting. The

balance was counted as votes for approval. The Company employed an information system for summarizing the voting results obtained from the vote counts in each agenda, which was displayed on a screen shown to all shareholders simultaneously. In 2018, ballot papers were used in important agenda, such as the appointment of Directors where the shareholders were given an opportunity to select Directors individually. In the interest of transparency, the ballot papers for such votes were kept at the Sriracha Head Office, which could be inspected after the meeting.

7. The recorded VDO has been made and provided on the company website.

The summary of voting in each agenda on the Annual General Meeting of Shareholders No.16

| Agenda | Agree | | | Disagree | | | Abstention | | | Voided Ballot | | |
|---------|---------------|-------------|-----|----------|--------|------|---------------|--------|---|---------------|--------|---|
| | Share-holders | Shares | % | ต่าง | Shares | % | Share-holders | Shares | % | Share-holders | Shares | % |
| 1 | 75 | 838,003,703 | 100 | - | - | - | - | - | - | - | - | - |
| 2 | 76 | 855,241,203 | 100 | - | - | - | - | - | - | - | - | - |
| 3 | 76 | 855,241,203 | 100 | - | - | - | - | - | - | - | - | - |
| 4 | 76 | 855,241,203 | 100 | - | - | - | - | - | - | - | - | - |
| 5.1 | 77 | 855,401,703 | 100 | - | - | - | - | - | - | - | - | - |
| 5.2 | 77 | 855,401,703 | 100 | - | - | - | - | - | - | - | - | - |
| 5.3 | 77 | 855,401,603 | 100 | 1 | 100 | 0.00 | - | - | - | - | - | - |
| 5.4-5.5 | 77 | 855,401,703 | 100 | - | - | - | - | - | - | - | - | - |
| 6 | 77 | 855,401,703 | 100 | - | - | - | - | - | - | - | - | - |
| 7 | 77 | 855,401,703 | 100 | - | - | - | - | - | - | - | - | - |
| 8 | 78 | 855,403,703 | 100 | - | - | - | - | - | - | - | - | - |

The significant meeting agenda were as follows.

1. **Appointment of Directors:** The Company gave an opportunity for shareholders to elect Directors individually. The shareholders had been provided with preliminary information on the nominees, positions held in other businesses, clearly specifying the cases of companies carrying out businesses identical to or in competition with the Company, and the attendance of Board of Directors Meetings. Each nominee had been considered by the Nomination and Remuneration Committee on his properly qualification, experience and various professional, as well as performance on the Director on the past. In case of consideration of the Director retiring by rotation, the Nomination and Remuneration Committee proposed the lists of Directors to the Board of Directors to select toward to the proper qualification and number of Directors appropriately.
2. **Directors' Remuneration:** The Nomination and Remuneration Committee considered and allocated the amount of remuneration, which were determined on the Company's operation performance and responsibilities in accordance with the policies and conditions for directorial remunerations. In any event, the Company has regularly proposed a remunerations limit for approval by the meeting of shareholders every year, and disclosed the remunerations paid to each Director in Form 56-1on the topic of "Corporate Governance" and Annual Report on the topic of "Management Structure" section 4.2 the Remuneration Amount.

3. **Appointment of Auditor and Determination of Audit Fee:** The Company provided details on the name of auditor of the Company and its subsidiaries, the audit fee, the reasons on appointing the auditor, qualified performance on the previous year, and the relationship between the audit office and the Company, the number of years of work performed, the comparative data on audit fees and other fees for the current year and the preceding year. Such information had also been considered by the Audit Committee. The details disclosed in the Annual Report section “The Auditor’s Fee”.
4. **Dividend Payment:** The Company provided details on profit distribution, dividend payment in accordance with the Company’s dividend policy, and a comparison of dividend payment for the current year and the preceding year. The Record date for the right to receive dividends.

The guideline for conflict of interest protection in the meeting

In each agenda, the directors who may have conflict of interest will report to the meeting quorum to leave from the meeting room and/or declare for abstention.



The Treatment to Shareholders Subsequently to the Meeting of Shareholders

1. The Company disclosed the resolutions adopted by the shareholders’ meeting, together with the voting results for each meeting agenda, in both Thai and English, via the news channel of the SET, and the Company website, with in the meeting day.
2. The Company Secretary recorded the information and prepared accurate and complete minutes for the general meeting of shareholders, including the names of Directors present/absent together with the reasons for absence, essential explanations and a summary of questions or answers or opinions. The details on each agenda were in accordance with the facts in the meeting to be posted on the company’s website. Such minutes will be submitted to the Stock Exchange of Thailand and the Office of the Securities and Exchange Commission within 14 days of the meeting of shareholders. The minutes and meeting VDO record will also be published on the Company website in both Thai and English as a channel for shareholders to search and inspect data without having to wait for the subsequent meeting. A submission was also made to the Ministry of Commerce within the period prescribed by law.
3. After the shareholders’ meeting approved dividend payment, the Company shall inform the resolution including dividend payment’s details through the news channel of SET and cooperate with the registrar of Thailand Securities Depositories Co., Ltd. to ensure all shareholders receiving payment correctly and completely. The Company set the Record Date for distribution of dividend payment on May 2, 2018. The announcement was made on newspaper for 3 consecutive days during May 2-4, 2018.

2. Equitable Treatment of Shareholders

The equitable treatment of shareholders policy has been set within the 8 principles of the company's good corporate governance.

2.1 The shareholders' meeting

- (1) The shareholders holding one share or several shares, but not over 5% of total number of shareholders with voting rights, were allowed to propose agenda and to nominate the candidates to be elected as Directors in advance, during November 8 – December 30, 2017, according to the Company's regulations. Regarding the meeting, the Company informed shareholders on November 8, 2018 through the news channel of SET and on the Company's website: www.sahacogen.com, on the topic of "Investor Relations". Nonetheless, there was neither meeting agenda nor nomination of the Directors proposed in advance.
- (2) In 2018, the Company had held one shareholders' meeting on Monday 23 April, 2018 where the quorum was presented. The meeting's resolution was to assign Thailand Security Depository Co., Ltd. (TSD), Company's Registrar, to send the Notice of the Meeting of Shareholders for 24 days in advance and announced 40 days prior to the meeting through the Company's website; www.sahacogen.com, on the topic of "Investor Relations" in order that the shareholders had more time to study the information
- (3) For foreign shareholders, the meeting notice with attached documents were translated into English and sent together with Thai Version. The notice both Thai and English version were disseminated through the Company's website.
- (4) If any shareholders could not attend the meeting, the Company allowed them to authorize the Independent Directors or anyone as the proxy of voting rights by using the letter of proxy Form B with voting recommendation, Form A, or Form C (for foreign investors with custodians in Thailand to oversee their stocks). The proxy was attached with the Notice, and announced in the Company's website; www.sahacogen.com for downloading. The duty stamps were also provided for the proxy. In 2018, there were a total of 78 shareholders attending the meeting, representing of 855,403,703 shares or 89.57% of all shareholders. The 2 shareholders, holding 90,085,400 shares or 9.05% of 955,000,000 shares, gave a proxy to the Independent Directors of the Company.
- (5) The voting right depends on the number of shares held by shareholders, one share, one vote (all of the Company's shares are the common stocks).
- (6) The meeting is conducted according to the order of the agenda items; there was no reshuffling of agenda items, nor any change made to material information without notifying shareholders in advance.
- (7) Votes will cast openly. In vote counting, only votes for disapproval and /or abstentions were counted and there are deducted from the total shares represented in the meeting. The ballot papers will be used in important agenda, such as the appointment of Directors where the shareholders will be given an opportunity to select Directors individually. In the interest of transparency, the ballot papers for such votes will be kept at the head office, which could be inspected after the meeting.

- (8) The voting procedure for each meeting agenda will be carried out in a transparent manner, with the voting ballot provided the shareholders for each agenda, whereas only disapproval and abstention votes will be kept afterwards. Nevertheless, for the agenda related to directors' appointment, all voting ballots bearing the signature of each shareholder will be collected and kept as evidence. Vote tallying will be carried out using the barcode system and displayed on-screen in the meeting room, to facilitate convenience, transparency, and easy verification.

2.2 Supervision of Internal Data Use

The company has regulations to the use of insider information by determining in the Company's business ethics in section "Conflict of Interest", and also disclosing in the Annual Report "Corporate Governance", in section "Insider Information".

2.3 Determination on the Company's stock trading

- (1) The Directors, executives and staff in possession of insider information are prohibited from selling or purchasing Company share within one month before disclosing the financial statements to the public. Besides, the Directors and executives are required and notified of their duties to report changes in securities holdings in the Company to the Office of the Securities and Exchange Commission within 3 working days from the date of the change by submitting through online system provided by SEC. The report submission is subjected to the guideline announcement Sor Jor 38/2018 dated July 16, 2018 regarding to the preparation and the submission of the report for changing in derivatives and securities holding by directors, managements, auditors, planners and plan managers. A report would then be made to the meeting of the Board of Directors and Executive Committee on every occasion, in which every agenda would include a report of securities holdings of the Directors and executives. The Directors and executives must conduct in compliance with the regulations. Moreover, it assumes to the new Directors or executives are also required to report securities holdings in the Company to the Securities and Exchange Commission within the above timeline.
- (2) The Company secretary annually arranges the Board of Directors' meeting schedule which is sent to all directors in advance in order to inform the period when securities trading should be abstained.
- (3) With regard to the principles of buying-selling the Company' stocks, the Directors and top management are requested to inform the Board of Directors and/or company secretary before carrying out the stock transaction for at least 1 day.

In 2018, the Directors and executives of the Company have conducted strictly in compliance with the said policies. No share trading was found during the prohibited period.

2.4 Protection of the Conflict of Interest

- (1) With the transparent structure of shareholding, there is no report of the conflicts of interest. Meanwhile, the disclosure of shareholder structure has deliberately shown in the annual report as well as the overall shareholding of the Board of Directors.

- (2) The Board of Directors proceeds carefully and rationally with regard to conflict of interest and connected transaction. The Company most concerns on its benefits and sets pricing strategy in compliance with fair trading conditions as if the transactions are engaged with third party. The process of such transaction is managed transparently and compliance with the regulation of the Stock Exchange of Thailand. Furthermore, the Company sets the regulation in its good corporate governance and business ethic binding upon Company and shareholder.
- (3) Information such as connected transaction is disclosed to ensure equal access by all, such as the related transaction. The Company performs as the announcement of the Capital Market Committee and The Stock Exchange of Thailand in regarding the disclosure of information and operation of registered Company on connection transaction.
- (4) The Company has defined that any Directors, who has conflict of interest, must not present in the meeting or be prohibited to vote on such agenda in order that the rest Directors, not having any conflicts of interest, independently comment and resolve on such agenda. The Company Secretary shall inform the meeting the name of the Directors having conflicts of interest on such agenda. After the meeting, the name of the Directors, the relationship of the related persons, the price of such transaction and the opinion of the Directors, which is different from the opinion of the Board (if any) to the Stock Exchange of Thailand on the time frame. Such transactions are disclosure on the Company's website for transparency and be recorded in the Minute of Meeting which can be audited.

In 2018, the company has made an investment in an associate company and gave the financial support by guarantee the loan. The financial guarantee for the associate company was considered a related transaction based on the Securities and Exchange Commission (SEC)'s announcement.

There was no any related transaction violating the regulations of the Stock Exchange of Thailand and the Securities and Exchange Commission (SEC).

2.5 Asset purchasing control

The Company controls purchasing of asset in accordance with the regulation of Capital Market Commission subjected "The acquisition or disposition of assets". The directors who have an interest on such transaction are not take part for making decision for transparency and fairness.

3. Roles of Stakeholders

Regarding to the Corporate Governance Policy and the Principles of Corporate Governance in section "Roles of Stakeholders", the Company set the policy for roles of stakeholders by preparing the handbook "Business ethics and Code of Conducts for Company directors, executives and employees" and providing to directors and all-leveled employees, which brings the balance and fairness to stakeholders. The handbook is published on the Company's website and the intranet system. Moreover, the Company develops the concepts of stakeholders' participation to enhance its sustainable business operations as mentioned in the Annual Report, "Business Ethics" in section "The responsibilities to stakeholders; Shareholders".

Business Ethics

1. The responsibilities to stakeholders

The Board of Directors always supports the engagement between the company and stakeholders by complying by laws. The stakeholders include shareholders, customers, suppliers, competitors, creditors, employees, communities, environment and government.

1) Shareholders

The Board of Directors performs duties responsibly, prudently, earnestly and honestly in order to generate good returns to shareholders on a continual and sustainable basis. In this regard, the following policies and practice guidelines have been prescribed as follows;

1. The ownership rights of shareholders are equitably and fairly respected.
2. Operations are undertaken in accordance with the principles of good corporate governance, which will foster the trust and confidence of shareholders and eventually lead to sustainable growth.
3. The Company's businesses are continually advanced to ensure proper returns to shareholders.
4. Significant information which affects or potentially affects shareholders' interests shall be disclosed, whether reports made pursuant to the accounting period or situation reports, pursuant to the relevant laws and notifications. However, no action shall be taken to restrict shareholders' access to Company information.
5. A report of the Board of Directors' responsibility for the financial statements in the Annual Report shall be prepared.
6. Minority shareholders shall be given an opportunity to propose matter for inclusion in the meeting agenda and/or to nominate persons for election as Company Directors in the Annual General Meeting of Shareholders.
7. Shareholders are given an opportunity to submit questions relevant to the meeting prior to the shareholders' meeting.
8. Shareholders' meeting notices in both Thai and English are published on the Company website at least 30 days prior to the shareholders' meeting day as information for shareholders and to enable the study of information prior to meetings.
9. Shareholders' meeting shall be facilitated. The date, time, venue and procedure must not pose an obstacle to the shareholders' attendance of the meeting. Shareholders who are not able to attend in person must have the opportunity to grant a proxy to other persons to attend the meeting and vote on their behalves.
10. Conflicts of interests must be dealt with prudently, rationally and information must be fully disclosed.
11. The Company's interests and assets shall be safeguarded as a reasonable person would safeguard his/her property. Wrongful interests, whether obtained by direct or indirect means, shall be eliminated.

For the Policy and guideline, the Company had done the following actions;

The Company has an effective manner to ensure that all shareholders receive accurate information and appropriate and fair returns in accordance with the Company's Policy on Dividend. Moreover, there is the control of connected transactions, the measure on prevention of conflict of interests, the prevention

on exploitation of inside information which is confidential and the stipulation that directors and management member who have an access to inside information exploit that information for their advantages by prohibiting them to buy or sell the Company's assets within 1 month prior to the disclosure of the financial statements to the public.

In year 2018, the Company paid the dividend from the result of business performance of year 2017 at rate of 0.15 Baht per share. The total dividend was equal to 51.09% of net profit of the separate financial statements by setting the date of payment on May 22, 2018. We have paid the dividend to shareholders continuously and this is accounted as real long-term wealth for all shareholders. Each and every shareholder is invited to attend the Ordinary General Meeting of Shareholders of Year 2018 and has right of vote for each and every important agenda item as well as receive the important information through various medias, e.g. pamphlet and e-information. Besides, the Company also reports the business performance at every quarter and discloses the transactions done with related persons in the same condition as that done with external persons for their awareness via the news system of the Stock Exchange of Thailand and the Company's website.

2) Customers

The Board of Directors realizes that customer satisfaction and confidence are key factors which contribute to the Company's sustainable success in accordance with Policy of Quality, Environment, Safety and Energy Conservation Policy, Corporate Social Responsibility Policy and Anti-Corruption Policy. The following policies and guidelines have been prescribed as follows;

1. The Company operates the businesses of distributing electricity and steam which are safe for consumers and environment friendly.
2. The Company has operated with commitment to develop and expand its business to value creation on the biomass and agricultural residues, innovate continually to meet the demands of customers along with the disclosure of necessary information for decision-making without concealment or distortion of facts.
3. Businesses are operated in earnest, honest and fair values and no action is taken that would violate the rights of customers. The confidentiality of customer trade secrets are maintained and not exploited for wrongful personal gains or for the gains of others.
4. The Company does not demand, receive or consent to the direct or indirect receipt of properties or other dishonest benefits from customers.
5. The Company adheres to trade agreements. In the case where adherence is not possible, the customer would be notified in advance in order to jointly find a remedy and prevent loss.
6. The Company provides communication channels to enable customers to file complaints to the Company. Complaints are processed with care and dealt with fairly.

For the Policy and guideline, the Company had done as following;

The Board of Directors believes the satisfaction and trust from customers will be the key success factor of the company based on the sustainability policy in terms of environmental care, safety, energy saving, social responsibility and anti-corruption policy.

Moreover, customers can rapidly get information through their mobile and other channels to communicate with customers in case of interruption on electricity and steam either in working hour or after working hour as follows:

Working day (Monday-Saturday at 8.00 am - 5.00 pm)

Contact Center: Saha Pathana Inter-holding PCL at 038-480444
Sahacogen (Chonburi) PCL at 038-481555

After working hour or holiday:

Emergency Line: 038-481574 or 038-381555 ext. 110
Customer Services on electricity: 081-9822184
Customer Services on steam: 081-9859793
Radio Communication Center 22 (the industrial park's center utility) or 038-483111

The customer satisfaction surveys, from electricity and steam distribution can be shown as follow.

| Customers | 2018 | 2017 | 2016 |
|-------------|--------|--------|--------|
| Electricity | 86.87% | 88.19% | 86.79% |
| Steam | 93.83% | 90.14% | 89.37% |

The company held a seminar for customers in the industrial park in the topic of "Basis technique for energy saving" as a knowledge sharing session and relation management activity.

In 2018, there was no significant complaint from customers. The other complaints were analyzed in order to prevent, monitor and adjust to the organization in order that such defects might not happen again.

3) Business Partners

The Board of Directors has treated business partners equitably and taken into account mutual interests in accordance with Corporate Social Responsibility Policy and Anti-Corruption Policy by prescribing the following policies and guidelines.

1. The Company has a system for screening business partners in the value chain who operate businesses in compliance with the law, safety and occupational hygiene standards, and friendliness to the environment. Business partners are treated on the basis of fair competition, equality and mutual respect.
2. The confidentiality or communications of business partners are maintained and not exploited for wrongful gains of oneself or of others.
3. Relationships and good understandings are fostered. Knowledge is exchanged. Developments and value adding to goods and services are jointly undertaken to promote mutual growth.
4. The Company adheres to trade agreements and makes proper data. In the event that an agreement cannot be complied with, the Company will expeditiously engage in early negotiations with trading partners in order to reach a mutual remedy and loss prevention solution.
5. The Company does not demand, receive or consent to the receipt of properties or any other benefits outside trade agreements.

Policies and practices of the Company's actions can be summarized as follows.

The Company adheres to the conditions of trade, provides the accurate information with good relationship and mutual understanding, including exchanges knowledge, cooperates in the development of products and service to have value added, does not request or receive or agree to receive any gift or benefit which is out of scope of the trading agreement. The procurement procedure is complying with the quality management standard ISO 9001: 2015 and the environment management system ISO 140001: 2015. The procurement guideline has been made based on the business ethics policy.

In 2018, there was no violation of contract between the Company and any Business Partners.

4) Competitors

The Board of Directors has operated in accordance with the provisions of law. In this regard, the following policies and guidelines have been prescribed.

1. The Company shall conduct its businesses within the rules of fair competition regarding to business ethics and trade competition laws of various countries in which the Company operates.
2. The Company will not damage the reputation of its trade competitors.

According to policy and method of the said practice, the Company had done as follows:

The business transactions with any partner must be competitive under the fair criteria. The Company regards competitor is a part of enhancement of its potential to be more stable and strong.

In 2018, there was no dispute on trading competition.

5) Creditors

The Board of Directors is committed to undertaking business operations in a principled and disciplined manner in order to build the trust of creditors by prescribing the following policies and guidelines.

1. All creditor groups shall be treated equitably and fairly.
2. Contracts and terms will be strictly adhered to.
3. Operations will be administered to ensure the confidence of creditors in the Company's financial standing and credit rating.
4. Financial standings shall be accurately and timely disclosed.
5. In the event of an inability to comply with a particular term, the creditor will be forthwith notified in advance in order to enable a joint solution for remedy and loss prevention

For the Policy and guideline, the Company had done as following;

The Company strictly adheres to the agreement with the creditors. In the previous years, the Company has settled the payment to creditors in time according to credit terms stipulated in the contract. The Company strictly runs the business under the criteria of trading competition honestly and fairly in accordance with the laws. The Company has also never dispute with business creditors from the beginning until now.

Moreover, the Company has applied media clearing, transferring system of bank to facilitate all creditors as follows;

- Billing Date is specified on the date of 1 - 3 of each month
- Transferring Date is specified to every the date of 25 of each month

In 2018, there was no dispute from creditors.

6) Employees

The Board of Directors regards employees as valuable resources and a key factor to the Company's success. The following policies and guidelines have been prescribed in this regard.

1. Human dignity and fundamental rights of employees are respected at work. Employee data or confidential information is not disclosed or transmitted to third parties or unrelated persons.
2. Employees are treated in accordance with the provisions of law, regulations and articles governing the Company's operations.
3. Employment equality is promoted. There is no discrimination on the grounds of gender, skin color, race, religion, age, disability or other status that is not directly related to the works.
4. Training and knowledge exchange are sponsored and promoted to encourage learning and skill development throughout, strengthen career security and offer opportunities for advancements pursuant to each person's potential.
5. Employee participation in the determination of the Company's direction and development are promoted.
6. Fair compensation is given as suitable for the knowledge, skill, duties, responsibilities and performance.
7. Appropriate welfare and benefits are given to employees, e.g. medical expenses, provident fund and so on.
8. Channels are provided for employees to communicate suggestions and complaints pertaining to work. These suggestions are considered and remedies will be determined in the interest of all parties and in view of the creation of good working relations.
9. Facilities necessary for work operations are provided and working conditions are maintained with due regard to safety and occupational hygiene as a means of promoting and raising the quality of lives of employees.
10. Employees of all levels are encouraged to participate in social responsibility activities.

Human Resource Development and Improvement Policy

Sahacogen and affiliates realize the potential of their employees and regards them as a valuable resource for leading the Company with achievement and efficient growth. Especially for business expansion to other regions, human resource management is such an important thing for its business success and sustainable growth. As a consequence, it is necessary to set directions and define predictability to keep on enhancing and developing human resource management from policy to action. It is a challenge to create a masterpiece and strengths for growing organizations in a world of competition. Sahacogen and affiliates operated many ways to achieve its goals as described in "Management Structure", under the heading "Employee" and the company's Sustainable Development Report.

In 2018, there was no dispute regarding to employment.

7) Community and Society

The Board of Directors has operated businesses with due regard for the duties and responsibilities owed to the nation, community and society as well as local traditions in order to maintain a desirable society and participation. In this regard, the following policies and guidelines have been prescribed.

1. A business which could lead to a deterioration of society shall not be undertaken and the rights of others in the community and society shall not be violated.
2. Consciousness of responsibilities towards the community and society as a whole shall be instilled continuously for the benefit of the Company and all levels of employees.
3. Measures shall be provided for the prevention and remedy of impact on the community and society as a consequence of the Company's operations.
4. The preservation of local culture and traditions shall be promoted.
5. Cooperation shall be entered into with various agencies for the development of communities.
6. Public benefit activities shall be sponsored.
7. Incomes shall be generated and the community economy shall be promoted through employment of community members and use of community products.
8. Good relations shall be fostered between the Company and the community and society on the basis of propriety, transparency and fairness

For the policy and guideline, the Company had done as following;

The Company has appointed a working group as the Corporate Social Responsibility Committee and the CSR policy of the company's governances. There is also a public communication and community relation management team to support activities for the benefit of community and society as a whole.

Bamboo planting project for forestation and revenue creation

The company launched a project under the private-public coalition policy and company's sustainability policy. This project is called "Bamboo planting for forestation and revenue creation" for local community in Tung-pueng subdistrict, Jaehoom district, Lampang province. The objectives of the project aim to reduce the deforestation, creating more bamboo forest areas, and creating revenue for local people. The target is creating and reviving the destroyed area 20,000 Rais.

The operation was run by supplying the bamboo sprouts to the Department of Forrest Resource 3 (Lampang) to be later no distributed to the community members. The foresting process has started in 2018 with the support and advice from the specialists of the office of Royal Forest Department. The project has been monitoring and evaluated every 6 months.

The details are disclosed within the Sustainable Development Report.

In 2018, there was no dispute from local communities.

8) **Environment**

The Board of Directors undertakes businesses with due regard for responsibilities to the environment. In this regard, the following policies and guidelines have been prescribed.

1. Businesses shall be undertaken in accordance with laws, regulations and policies on the environment with due regard for the impact on natural resources and the environment and regular revisions and assessments of performance results shall be undertaken.
2. An organizational culture and consciousness of employees at all levels shall be promoted to encourage cooperation and responsibility for the efficient and sustainable management of the environment and utilization of resources.
3. Knowledge promotion and environmental training shall be extended to employees.
4. Environmental management system shall be promoted, from the economical use of resources to the sustainable treatment and rehabilitation, replacement, monitoring and prevention of impact on natural resources.
5. There is a system for selection of trade partners in the value chain who undertake businesses in an environmentally friendly manner.
6. Environmentally friendly technology are developed and published.

For the Policy and guideline, the Company's actions can be summarized as follow.

The Board of Directors has concerns to the efficient resource management and environmental responsibilities. The Board has appointed the Social Responsibility Committee to implement the actions based on the policy.

1. Production process

The company has selected the most efficient production method by choosing co-generating heat power production. The aero derivative turbine can be adjusted to fit with the production level that best serve the vary demand. The inlet air chilling system is used to decrease the temperature of air sucked into the production process to give the best yield of production. The turbine and RO rejected water recycle system allow the production process to reverse the water back into the production. The water in production process could be reduced by 12,600 cubic meters per month. The production cost in terms of raw water and water purification will be reduced.

2. The working team for environment management

The working team is authorized to monitor and control the operation to be complied with laws and regulations. The company has set the policy for environment, safety and energy saving. The environmental check will be conducted annually based on the Environmental Impact Assessment (EIA) standard. The air and noise pollution test will be conducted with the observation of the local community members.

In 2018, the committee has been composed of the representatives from the government office, the local administrative office, civilians. The meetings were conducted to monitor the environment management matters 2 times a year.

3. The standard of environment management

The company has been certified the environment management standard (ISO 14001) for the production and distribution of the electricity and stream by Management System Certification Institute (Thailand) or MASCI. This is the evidence proving that company has the acceptable environment management system.

4. The efficient resource usage

- 4.1 The company has a working team for energy management. The team has to monitor and ensure to have the efficiency in energy utilization and putting the energy saving concept as a part of operation. The procedures that have been used lately were installing the speed adjusting system for the cooling tower fan and the continuous maintenance of the steam trap in steam generating system.
- 4.2 The company has held activities and trainings for employees to raise awareness in energy saving in every activities such as electricity saving, water saving, paper saving. The promoted campaigns are turning off the light during lunch break session and the 2-sided paper usage.

5. Educating and training employees on environmental concerns

The board of directors encourages the employees to realize the importance of the environment. The Company provides dissemination environment to intranet, manage the information board as well as encouraging employees to increase their knowledge training in environmental matters continuously.

In 2018, the company provided training sessions such as the energy saving practices in the organization, basic knowledge of ISO 14001 and aspect & Risk Assessment.

In 2018, the company did not receive any complaint on environmental issue.

9) Government Sector

The Board of Directors undertakes businesses in compliance with the rules and regulations enacted by the State. In this regard, the following policies and guidelines have been prescribed.

1. Knowledge and understanding of the laws governing operations are acquired and no activities are undertaken which would be inconsistent with the law.
2. Proper action shall be taken when conducting transactions with an official or agency of the State.
3. Good relations are fostered between the Company and the State sector within suitable bounds.
4. Relevant laws and business traditions are observed in each country or locality.

For the Policy and guideline, the Company had done as following:

The company complies with laws, rules and regulations supervised by many entities such as the Stock Exchange of Thailand, the Securities and Exchange Commission, Ministry of Energy, the Department of Industrial Work, and the Revenue Department. The relationship with regulators is good. The company paid tax correctly within the required timeline.

Moreover, the company always cooperates with other businesses. The examples are being a member of Thai Institute of Directors. The directors have chances to join seminars regularly.

The details have been disclosed in “Sustainable Development Report”.

2. Conflict of Interest

The Board of Directors has a policy for dealing with conflict of interest. The following guidelines have been prescribed.

1. The administration of conflict of interest or connected transactions is undertaken prudently, fairly and rationally. There is a transparent system for approving transactions which primarily takes into account the Company's interests. Interested Company Directors do not have the right to vote and must make a full disclosure in accordance with the rules of the Office of the Securities and Exchange Commission and the Stock Exchange of Thailand.
2. The Company's interests shall be upheld subject to legality. No action shall be taken that would be a conflict with the Company's interests, and no benefits or privileges will be given to any person.
3. Company Directors and Executives must disclose personal interests and the interests of related persons in accordance with the prescribed rules.
4. Company Directors, Executives and employees who acquire inside information are prohibited from trading in Company shares in the 1-month period prior to public disclosure of financial statements.
5. Company Directors, Executives as well as their spouses and children who have not yet attained legal age shall have the duty to report Company securities holdings and changes in such holdings to the Board of Directors in the subsequent Board Meeting.
6. Company information or secrecy acquired or acknowledged shall not be disclosed or transmitted to third parties or unrelated persons.
7. Disclosure shall be made by authorized Company employees. Classes of secrecy may be prescribed in accordance with the significance of the information. Disclosure shall be made within the assigned scope of duties and responsibilities.
8. The company requires Board members, top executives to report the stock trading transaction to the Chairman 1 day prior to the execution date.

In 2018, the company did not receive any complaint on conflict of interest.

3. Receptions, receipts and grants of gifts

The Board of Directors aspires to undertake the Company's businesses in line with fair competition. Nevertheless, receptions, receipts and grants of gifts or attendance at receptions in accordance with traditions and practices to maintain good relations are necessary and desirable in accordance with Anti-Corruption Policy. In this regard, the following guidelines have been prescribed.

1. No receipts or grants of gifts, tokens or receptions which may influence a decision shall be made. If there is a necessity to receive or grant a gift, token or reception in accordance with tradition to a value in excess of normal circumstances, a report shall be filed with the respective supervisors.
2. In the case of an assignment or authorization by a supervisor to assist in an external agency, monies, objects or gifts may be received in accordance with the generally applicable rules or standards prescribed by such an agency, e.g. gifts, tokens or lucky draws.
3. In the case where an agent, contractual party, partner or any other person wishes to grant a gift, token or reception to the Company, prior authorization must be obtained from the Company.
4. Expenses pertaining to these matters shall be maintained within a reasonable budget.

In 2018, there was no any complaint about receiving or giving gifts leading to the influence on business decision.

4. Combating Dishonest Acts Corruption

The Board of Directors has a policy of compliance with the law on combating Dishonest Acts Corruption and Anti-Corruption Policy. In this regard, the following guidelines have been prescribed.

1. A consciousness, value and attitude to comply with laws and regulations honestly and in good faith shall be instilled in employees.
2. An internal control system which is efficient and effective shall be in place. There shall be suitable oversight and checks of powers to prevent employee abuses or involvements in combating Dishonest Acts Corruption.
3. Company Directors, Executives and employees are prohibited from performing any act which amounts to a demand or acceptance of properties or other benefits for oneself or for others as an inducement to wrongfully perform or refrain from performing a duty or which could result in a loss of the Company's legitimate benefits.
4. Company Directors, Executives and employees are prohibited from giving or offering to give properties or any other benefits to third parties to induce such person to unlawfully or wrongfully perform or refrain from an act.
5. There shall be a financial reporting system which is transparent and accurate.
6. There shall be a channel for employees and related persons to provide notices of causes for suspicion with confidence of protection. Personnel must be appointed to examine all notices of suspicion given.

For the Policy and guideline, the Company had done as following;

The company has set anti-corruption policy and guideline for Board members, management and employees. The guideline aims to prevent the corruption both direct and indirect formats. The bribery should be avoided. The guideline for anti-corruption has covered 3 topics.

1. Donation and public interest
2. Give and get support
3. Give or obtain gift and entertainment

The guideline for anti-corruption has been disseminated to Board members, managements, and employees.

In 2018, the company did not receive any complaint about dishonest actions or corruption

The Operation of Anti-Corruption

The Company signed a declaration of intent to join Thailand's private sector Collective Action Coalition Against Corruption (CAC) on February 18, 2014. All employees were informed of the Anti-Corruption Policy on February 17, 2015, which is monitored closely by the Corporate Governance and Risk Management Committee. Additionally, the company directors, management and all employees were provided with seminars and workshops about such issue. The policy is publicized on the Company's website at www.sahacogen.com, in which related parties and stakeholders can acknowledge it, in order to support the enhancement of anti-corruption awareness and practices, together with the good governance policy, business ethics and code of conduct published in kind of cartoon animation.



Anti-Corruption Policy

The company follows the policy relevant to laws countering corruption by prohibiting the company directors, executives and employees from accepting or supporting every type of corruption both in direct and indirect manner, which is written for exercising it as follows;

1. The company will not be a party to pay bribes. In case of charitable contributions, political contributions as well as offering gifts in a business manner, this must be transparent, explainable and audited.
2. Supporting enhancement of awareness and value for anti-corruption among the company directors, executives and employees to perform duties in accordance with relevant laws, notifications and regulations by preparing such manual for guidelines.
3. The company directors, executives and employees must not act as an intermediary in demanding and accepting gifts or benefits from government sectors or private sector, which induces to violate the laws. Moreover, it is illegal to use positions and/or duties to use the company's data to seek benefits for oneself or others.
4. Setting the system to report financial status transparently and accurately, providing an efficient and effective internal control system, and controlling check-and-balance system to be appropriate in order to prevent conducting any fraud or taking part in any fraud and corruption.
5. Monitoring and reviewing the anti-corruption policy, guidelines and regulations consistently for operation in order to adjust with business changes, laws and regulations.
6. Opening channel for reporting any suspected activity and ensuring that such reporters receive protection.

Guidelines for the operation of Anti-Corruption with stakeholders

1. Persuade customers/ business partners to join and be a partner of anti-corruption and share good practices with them.
2. Enhance awareness of employees by reviewing the business ethics regularly.
3. Organize activities or campaigns relating to anti-corruption and congratulate and praise employees who conduct themselves well and honest.
4. Provide information to communities and schools as well as support anti-corruption campaign.
5. Set measures and systems for internal control for transparent business operation.
6. Be a partner or member of anti-corruption institutions or agencies; for example: the Company has joined the Partnership against Corruption for Thailand (PACT) Network on July 6, 2015.

Anti-Corruption Practices in 2018

1. The Company has channel communicating the anti-corruption policy to its customers and business partners via e-mail, intranet, website and notice of no gift policy.
2. There are channels for employees to provide notices of any suggestion or suspicion to its supervisors. Informants can give information or file a complaint on a matter which could constitute a violation of the law via notice box to the Social Security Committee or comment box or via the Company's intranet system, which will be presented to the Executive Board afterwards to consider and tracking of rectification. All suggestions and complaints of its employees are noted and observed righteously in order to maintain good relationship with each other. The Company will keep relevant information secret with the confidence of complainant's protection.
3. Sahacogen Green Co., Ltd. and Sahagreen Forest Co., Ltd. has been certified as the member of Thai's Collective Action Coalition (CAC) on February 12, 2018.
4. Sahacogen group joined the event "Thai people awake to fight against corruption" on September 6, 2018 together with representatives from government offices and businesses which are members of Anti-corruption organization of Thailand.
5. The Securities and Exchange Commission has revised the Good Corporate Governance Practice to CG code. The company has been studying the change and preparing for execution. The company held training sessions by both internal and external speakers for the Board members, managements and employees. The CAC test and CG code test have been launched through online testing system yearly. The test results will be used for improvement planning.
6. The company evaluated the internal audit system regarding to the corruption risk. The evaluation was made by Dharmniti Internal Audit Co., Ltd. the anti-corruption working team.

The company evaluation result has showed the company has the acceptable and reliable mechanism. The company can be ensured to achieve to target within the controllable risk. There was no point needed to fix based on the internal audit best practice.

“Sahacogen Fights Against Corruption”



5. Non-infringement of Intellectual Property

The Board of Directors pursues a policy of non-infringement of intellectual property by prescribing the following guidelines.

1. Business undertakings shall be consistent with laws, regulations and contractual obligations governing intellectual property rights.
2. Intellectual property works of the Company shall be maintained. Such intellectual properties shall not be used or allowed to be used by others without authorization.
3. The intellectual property rights of others shall be respected. The works of others shall not be infringed or applied to personal use except where a license has been obtained or a fee paid to the owner of the work.
4. Intellectual property of creative works produced by employees shall vest in the Company. Upon termination of employment, such intellectual property works must be returned to the Company regardless of the form which it is stored.

For the Policy and guideline, the Company had done as following;

The Company has regulations of computer uses in compliance with the laws relating to the Computer Crime Act (No. 2) B.E. 2560 (A.D.2017) and non-infringement of intellectual property, which all employees must follow strictly. The computer, network and information technology guideline is announced to monitor the usage of the IT system within the organization.

5.1 The employees must not use computer and network to

- Act against laws or be harmful to other people
- Act against the peace or good practices and ethics
- Violate other people's and/or organization's intellectual properties
- Access to other people's personal information without permission by the owner or authorized people
- Send or receive information that will be harmful to the organization such as spam emails and/or illegal information received from outside

5.2 To protect the shared network, the employees must

- Not install illegal program that violate other people's intellectual properties
- Not install program that is able to access to information on the network without the permission from the management in command
- Not install program or hardware that will allow other people to access into the network
- Shut down the possessed computer after use on daily basis or during the break time over 1 hour. The service computers (servers) are not mandatory by this rule.
- Examine the information received from outside with anti-virus program provided. The virus found must be eliminated immediately.
- Delete unused data from personal computer to efficiently use the data storage unit
- Cooperate with the system commander to examine the network security and act on the advices and guidelines provided by network department
- Be careful on using and protect the possessed hardware
- Not access to the network area without permission
- Return the possessed hardware such as data, key card, ID card, access card, etc. and retrieve back the personal information completely on the day of resignation

5.3 The company is not responsible for any violation to the Computer Crime Act. The company may also make a punishment based on the act of violation.

In 2018, the Company did not engage in any activities infringing upon the patents or intellectual properties.

6. Non-violation of Human Rights

The Board of Directors respects human rights. In this regard, the following policies and guidelines have been prescribed.

1. There shall be no activities or support of activities which violate human rights.
2. Employees are provided with knowledge and understanding of human rights which are applied to work operations.

3. There are no limitations to independence or differences in ideology, gender, race, religion, politics or other matters. The expression of opinions which could cause conflicts or divisions should be avoided.
4. Channels shall be provided for employees or persons who believe that their personal rights have been violated or that they have been treated unfairly to file a complaint with the Company. Such complaints shall be given attention and processed fairly.

For the Policy and guideline, the Company had done as following;

1. Labor

The Company oversees that the operations of all branches do not employ illegal labor.

2. Political Rights

- The Company has promoted the executives and employees to exercise their rights as citizen under the Constitution and other relevant laws.
- The executives and employees shall not use their power to lead or induce colleagues and subordinates to support either directly or indirectly any political activities.

In 2018, the Company was not informed any said complaints and had no previous notorious record relating to any violations of human rights lodged with court.

7. Safety and Occupational Hygiene

The Board of Directors attaches importance to safety and occupational hygiene. In this regard, the following guidelines have been prescribed;

1. Business undertakings shall comply with laws, regulations and policies on safety, occupational hygiene and working environment with due regard to the safety of life and properties as well as to the impact on the health of employees, trading partners and stakeholders. Regular monitors and safety assessments must be conducted.
2. Occupational safety shall be promoted. Work regulations, procedures and standards are prescribed to ensure working safety consistent with risks. Working environment and safe work procedures are improved. Tools and equipment for safety protection are also provided to employees.
3. Preparations are made for emergency events. An emergency plan has been devised and regular drills and improvements are carried out. This is to prevent and minimize any loss to life or properties of the Company, employees, trading partners and related persons.
4. A safe working culture has been built for the entire organization to ensure sustainably safe work operations.

For the Policy and guideline, the Company had done as following;

The Company has paid more attention on safety and occupational hygiene on operations. The Safety, Occupational Health and Environment Committee is appointed to conduct on the safety and occupation health policy to employees.

1. The safety on workplace is well and regularly checked by the security officers throughout 24 hours.
2. The fire alarms and fire extinguisher are installed on the buildings, as well as fire doors.
3. The cleaning day activities (5-Sor) are regularly promoted on the workplace.

4. The basis firefighting, fire evacuation drills,
5. First aid and CPR are frequently trained to employees
6. “Safety Week” is organized annually.
7. The Company has also published and communicated information, knowledge, and data on various diseases and health care through the exhibitions, the Company’s board, audio network system, and intranet system every year.

In 2018, no mentioned accidents occurred. The details are shown in the company’s Sustainable Development Report.

Financial Information trustworthiness and disclosure

The Board of Directors has responsibilities to ensure the company has reliable financial preparation system and be able to timely disclose the financial information that is accepted by the standard and laws

In 2018, the company has been complied with the disclosure regulations required by the Stock Exchange of Thailand and the Securities and Exchange Commission. The company has also disclosed other information to show the transparency in doing business.

1. Corporate governance

The Company arranges the good corporate governance principal, business ethics, code of conduct as well as anti-corruption policy in writing and provide to all directors, executives and staff including publishing on the billboard and the intranet system to communication internally in the organization.

2. Policy on corporate social responsibility, community and environment

The Company sets the social responsibility policy in the company’s mission, corporate governance and business ethics. The details are shown in the company’s Sustainable development Report.

3. Risk management policy

The Company has set up the Risk Management Committee to supervise risk management of the organization in a systematic and effective manner, and cover all areas appropriately, as well as assign risk management policies, according to the details in annual report and the annual disclosure information form (Form 56-1) under the topic “Risk Factors”.

4. Shareholding structure

The Company disclosed the names of the top 10 shareholders at the time of closing shares registration book for the shareholders’ meeting in annual report and the annual disclosure information form (Form 56-1) under topic “Securities information and shareholders”.

5. The responsibilities of the Board of Directors towards the financial reports

The company has disclosed the significant information both financial and non-financial information in the timely manners. The information is correct, transparent and approved by the set procedures.

- The information shown in the annual disclosure form (Form 56-1), and the annual report is continuously monitored and revised to be up to date.
- The annual and quarterly financial reports are disclosed before the deadline.

In 2018, the company’s financial statements have been verified with unqualified opinion and submitted to the SET and SEC in time. The information is not subjected to amendment order the regulator. There was no action taken based on the fault disclosure violating the rules.

- The change in company quarterly operating performance comparing to last year that is larger than 20%

In 2018, the company has disclosed the significant changes in the operating performance on May 8, August 7, and November 13 in total 3 times.

6. The responsibilities of the Board of Directors and sub-committee

The company has disclosed the responsibilities of the Board of Directors and sub-committee, number of meeting and number of the attended meeting in “Management Structure” under the topic of Good corporate governance: subcommittee.

7. Securities holding by the directors and managements

The company has disclosed the direct and indirect shares holding by directors and management in the annual report, the annual disclosure information form (Form 56-1) under topic “Personal information of the directors and management” and “Corporate governance”. The disclosure includes changes during the year.

8. The remuneration for the directors and the management

The Company disclosed the policy regarding the remuneration for directors and the management, the nature and number of remuneration accorded the directors for the Board of Directors and subcommittees, under the heading “Management structure”, on the remuneration for the directors and management members.

9. The policy of conflict of interest report

The company has disclosed the policy that require directors and management to submit the report of conflict including the related person to disclose in the annual report, the annual information disclosure form (Form 56-1). The details are shown in “Corporate governance” section under the topic of the Board of Directors responsibilities no. 3 Conflict of Interest.

10. Development for the directors and the management

The Company disclosed the development and training of directors and the management. Details are under the heading “Board of Directors Information” and “Corporate Governance” on compliance with good corporate governance principles in other matters Responsibilities of The Board of Directors No. 5.7.

11. The Disclosure of Related Transactions

All related transactions that have been approved are complied with SET and SEC rules. The details are shown in annual report, the annual disclose information form (Form 56-1) under the topic of “Related Transactions”.

12. The policy regarding to financial and accounting transaction

The company has been completely recording business transactions. The financial reports have been prepared correctly and disclosed in time. The evidences of the transaction were sufficient. The financial and accounting standards used are proper and constant based on the financial reporting standard (TFRS). The significant information was disclosed clearly.

13. The company's tax policy

The company has been focusing on the honesty and transparency practice. The corporate tax has been paid in time to maintain the business creditability. The tax benefit was legally used to efficiently manage under the scope of laws and disclosure rules. The practice is complied with the company's strategy to achieve the best benefit to the shareholders and maintain good relationship with the government officers.

Tax payment procedure

1. Closely monitor the news regarding to tax and laws
2. Review the operating transactions based on the monthly and yearly tax payment manual and work closely with the internal auditor to review on the audit schedule planned
3. The financial auditor will review quarterly to monitor the tax transactions have been made efficiently and correctly.

14. Whistleblowing Policy

The company is open to receive petitions and information of illegal actions from the employees. The harmful actions that may affect the company and threat to the employees' right can also be voiced through the provided channel. The whistleblowers shall be protected.

The provided channels are the direct contact listed below.

| Contacts | Telephone | E-mail Address |
|--|--------------------------|--------------------------------|
| The Board of Director | 038-481555 Ext. 202 | chairman@sahacogen.com |
| The Audit Committee | 038-481555 Ext. 203 | auditcommittee@sahacogen.com |
| The Corporate Governance and Risk Management Committee | 038-481555 Ext. 260 | riskcommittee@sahacogen.com |
| The Corporate Social Responsibility Committee | 038-481555 Ext. 290, 291 | pr-csr@sahacogen.com |
| Managing Director | 038-481555 Ext. 200 | viroj@sahacogen.com |
| The Company Secretary | 038-481555 Ext. 200, 282 | pannee@sahacogen.com |
| Investor Relations | 038-481555 Ext. 200, 282 | investorrelation@sahacogen.com |
| Human Resource | 038-481555 Ext. 242, 243 | hradmin@sahacogen.com |

The petition and information can be sent by postal service to the chairman of each committee or Managing Director to address:

Sahacogen (Chonburi) Public Company Limited
636 Moo 11, Sukhabhiban 8, Nongkham sub-district
Sriracha District, Chonburi 20230

The result of the investigation will be reported to the Board of Directors. The whistleblower name and the petition will be protected as the company's secret.

In 2018, the company did not get any warning, or been punished due to the shortfall of complying with the rules. There was no case of laws violation in terms of labor laws, consumers, competition and environment. The company did not get complaint from shareholders and stakeholders.

15. Investor Relations

The Board of Directors has designated the persons who would be able to provide data and information as required by investors and relevant persons. Other than that, the company information is provided in many channels such as company website (www.sahacogen.com) which is easy to access.

In this regard, investor relations representatives are;

- Mr. Viroj Theeravatvatee
Managing Director
Tel: 038-481555
Fax: 038-481551
E-mail : viroj@sahacogen.com
- Mrs. Pannee Chantavoraluk
The Company Secretary
Tel: 038-481555
Fax: 038-481551
E-mail: pannee@sahacogen.com

Moreover, general investors and students are welcomed to contact the Company's officers when requiring investment data for their consideration and for the thesis.

The Company and other companies in Saha Group, totally 15 companies, cooperated with the Stock Exchange of Thailand, arranged the “The 10th Analysts and Investors Meet Saha Group “ on June 29, 2018 at Bangkok International Trade & Exhibition (Bang Na) in the annual event of the 22nd Saha Group Fair. This event was provided a venue where analysis, investors and mass media could engage in meaningful discussions on business, policy and investment directions of the Company. The Managing Director welcomed and provided information about business and businesses in Saha Group. Information books given to attendants also summarized companies' business and performance results, which made attendants very pleased and the number of investors and analysts increases very year. Moreover, the Company has organized “Open House” for people from government agencies, private organization and community nearby interested in educational and business visit.



Non-Compliance Issues of Good Corporate Governance

The company did not comply with some issues suggested by good corporate governance policy for listed company. The company will consider to implementation in the future.

| Non – practiced aspects | Reasons |
|---|---|
| 1. The Board of Directors has specified the number of listed companies that each director hold directorship for not more than 5 places in the company's corporate governance policy | The Company has not specified the number of listed companies that each director hold directorship since The Board of Directors believed that each director's business expertise and capabilities should not be restricted by the number of companies said director served, as long as he / she proved to be capable and devoted enough to carry out own assignments in fulfilling the expectations by the Board of Directors and shareholders. At present , a director serves as director in more than 5 listed companies |
| 2. The Board of Directors' policy has specified the limit of the number of years on the tenure of independent directors not exceeding 9 years. | The Board of Director's policy does not limit the number of years on the tenure of independent directors since the company's independent directors continue to perform their duties with independence and without private interests that may conflict with the interest of the company, as well as make decisions by taking into account the best interests of the company. They are also independent from the management and major shareholders of the company. |
| 3. The Board of Directors has no independent director appointed as the company's director for more than 9 years. | The Board of Directors has 4 independent directors appointed as the company's director for more than 9 years because they are fully qualified per definition of company's independent directors, while duly processing such sound knowledge, professional expertise, and work experiences, beneficial to the company's business operations. |
| 4. The Chairman of the Board of Directors is independent director. | The company did not set the policy to require the independency of the chairman of the board. The company business requires expertise and experience in the specific area. The non-independency chairman can perform independently. The chairman has not been using power to overrule the Board. The actions shall be justified by company's article of association. The opinion sharing among the Board members has been supported by the chair. |

| Non – practiced aspects | Reasons |
|---|--|
| 5. The Chairman of the nominating committee and the Chairman of the Remuneration Committee are independent directors and the Nominating Committee and The Remuneration Committee mainly comprise independent directors. | The company has not set the policy that requires the chairman of the nomination and remuneration committee to be independent. However, the committee members have been acting responsibly, honestly with the absence in the conflicting issues. The chairman of the Audit Committee is also one of the member in nomination committee. This will balance the combination of the nomination and remuneration committee. |
| 6. The company did not arrange any meeting among non-executive directors in the past year. | Non-executive directors meetings could be arranged based on circumstance. The meeting is aiming to provide opportunities to have the discussion among non-executive directors and free from the pressure of the management. |
| 7. The company has appointed CG Committee (only at the level of director) | The company has appointed the Corporate Governance and Risk Management Committee to support the actions in CG area and report to the Board of Directors. |
| 8. The company did not have press meeting and news letters about company's financial status. | <ul style="list-style-type: none"> - The company disclosed quarterly and annually financial reports and significant information on the company website and the Stock Exchange of Thailand. - The company has joined the Opportunity Day event (Sahaphat meet analysts and investors No. 10) allowing analysts and investors to know the company's business direction. The company's performance is present the in booklet published and given in the event. The information is also posted on company's website. |
| 9. The Board of Directors consists of 5-12 persons. | The company had specified number of the directors not less than 5 persons. This year the company specifies the number of directors at 13 persons. The number is suitable to the business size. The details are shown in the annual report under topic "Management structure". |

Code of Conduct for Company directors, Executives and Employees

1. Formal Responsibilities

The Board of Directors appreciates the importance of good governance. Continual undertakings are implemented to ensure that Company Directors, Executives and employees are aware and comply with standards under the framework of the Code of Conduct and conduct oneself honestly, cautiously and prudently for the greatest benefit of the Company and all related parties. As a consequence, the following Code of Conduct has been prescribed.

Company Directors and Executives

1. Duties shall be performed responsibly, prudently, honestly and in good faith in compliance with the law, Company articles and relevant notifications.
2. Duties shall be performed to the utmost of ability in order to generate the greatest returns to the Company. This includes attendance at all meetings, except where there is an unavoidable necessity.
3. Duties shall be performed impartially. In a Board Meeting, Company Directors and Executives shall not vote on matters which they have interests.
4. Conflicts of interests shall be administered prudently and reasonably, in adherence to the Company's interests, to ensure transparent management of operations.
5. The acquisition or disposal of assets of the Company, Company directors and executives, including their spouses and children who have not attained legal age, shall comply with the relevant rules and a disclosure shall be made to the Board Meeting in the subsequent meeting.
6. Company directors and executives are prohibited from buying or selling Company shares in the 1 month period prior to the public disclosure of financial statements and also 24 hours after the financial disclosure.
7. Company directors and executives must disclose personal interests and those of related persons in accordance with the prescribed rules.
8. Directors and top executives have the responsibility to report the company stock trading transaction at least 1 day prior to the transaction execution date.
9. There shall be regular appraisals of the Board of Directors' performance every year.

Employees

1. Employees must support and cooperate in the Company's activities on a regular basis. Assigned tasks must be performed to the best of ability in order to ensure good results and advancement of the Company and employees.
2. Employees must comply with the relevant laws, policies, terms of employment, regulations and notifications.
3. Persons contacting the Company must be treated courteously, hospitably and provided with an excellent service in order to preserve the Company's image and reputation.
4. Trade secrets must be kept and the Company's inside information must not be disclosed to third parties.
5. Loans shall not be obtained from customers, persons connected to customers or business counterparts of the Company, except for loans obtained from a bank or financial institution.
6. Lawful orders of supervisors shall be complied.

7. There shall be a commitment to teamwork, mutual assistance, harmony and mutual respect for the benefit of the Company and employees.
8. Co-workers must be treated generously and with good human relations. No groundless allegations shall be made against others. Credit shall not be claimed for the works of others.
9. Duties shall be performed with determination, in earnest and honesty, and the roles and responsibilities in the Company shall not be abused for the purpose of acquiring wrongful benefits for oneself or for others.
10. Duties shall be performed responsibly, cautiously and without neglect in such a manner which could cause a loss to works or properties of the Company.
11. Employees should conduct themselves as good citizens who comply with the constitution and relevant laws. Political rights shall be exercised appropriately. Employees shall also avoid any involvement in an activity which is unlawful or inconsistent with public order or the good morals of the people.

2. Maintenance of Company Assets

Company directors, executives and employees are under a duty and responsibility to efficiently maintain Company assets and assets under the care of the Company. In this regard, the following guidelines have been prescribed.

1. Assets shall be used for business operations and not used for personal gains or for the gains or third parties.
2. Interests shall be protected and assets shall be cared to prevent loss, damage or wrongful use pursuant to the standards of a reasonable man caring for one's property. Direct or indirect wrongful exploitation of benefits shall be eliminated.
3. Sufficient insurance protection from losses shall be obtained for assets.
4. The use of computers to harass, infringe, spy, corrupt other person's personal data or fabricate evidence which could lead to data theft shall be prohibited. An information security system consistent with international standards shall be installed.
5. E-mails and internet access provided shall be used for business purposes. They shall be used cautiously and not prejudice the Company's reputation.
6. Passwords for access to the Company's data shall be kept secret and shall not be disclosed to unauthorized persons.
7. The Company's intellectual property works shall not be reproduced, adapted or used for personal benefit or for the benefit of others without authorization from the Company.
8. The supervisor shall be reported of any finding of rights infringement or acts which could lead to a rights infringement or any act which could potentially lead to a dispute relating to the Company's intellectual property.
9. The safekeeping of important documents of the Company shall be overseen to ensure full compliance with the relevant laws and regulations. Upon the lapse of the safekeeping period, the relevant employee must oversee that the documents are destroyed by appropriate means.

3. Informants and Complaints

The Board of Directors gives employees and stakeholders an opportunity to give information or file a complaint on a matter which could constitute a violation of the law, dishonest or wrongful act of an employee, including irregular behavior which could cause a problem or loss to the Company (Whistle Blowing). The Company also receives complaints on cases where the rights of an employee or stakeholder has been infringed or where they have been treated unfairly and corruptly. Suitable channels and procedures have been provided by the Company in this regard.

The Company will hear and process all complaints impartially, transparently and fairly. Systematic and just measures for the protection of complainants are provided. Information provided by the complainant is kept confidential in the Company according to the Anti-Corruption Policy.

Measures for the Protection of Complainants

1. A complainant may choose to remain anonymous if he/she deems that disclosure could lead to harmful consequences.
2. The Company will keep relevant information secret and take into account the safety of the complainant. Measures have been prescribed for the protection of complainants who are employees, including those who cooperate in the investigation of facts. These persons will be protected from unfair treatment as a consequence of the complaint, e.g. disturbances during work, reassignment or termination of employment.

In 2018, there was no information or complaint of law violation, dishonest and wrongful act of employees.

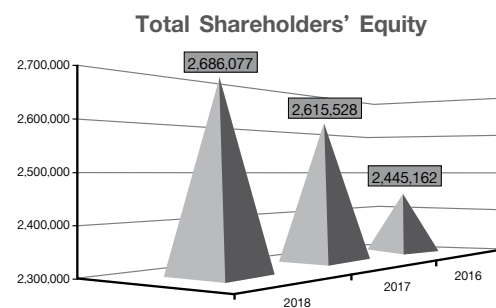
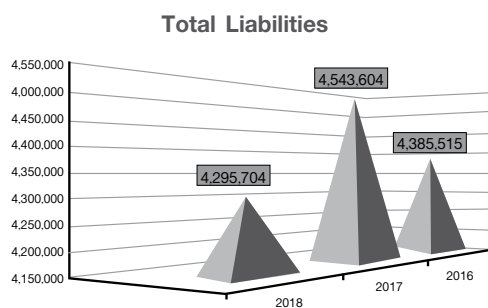
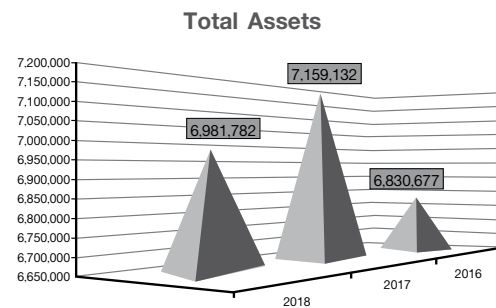
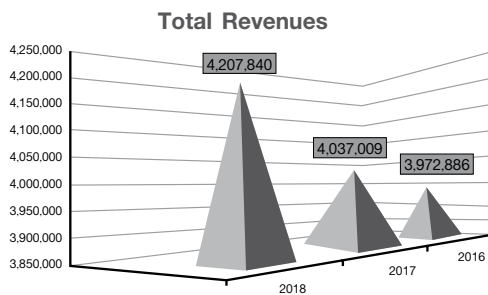
4. Interpretations

A supervisor shall be under a duty to take responsibility and give advice to subordinates to ensure knowledge and understanding as well as compliance with the prescribed Code of Conduct. If the Code of Conduct does not provide for any instance, or if there remains a question which renders performance not possible or that a decision cannot be made, the matter shall be consulted with the respectively higher level superior. In the case of a conflict, the decision of the managing director, executive board and Board of Directors shall be final.

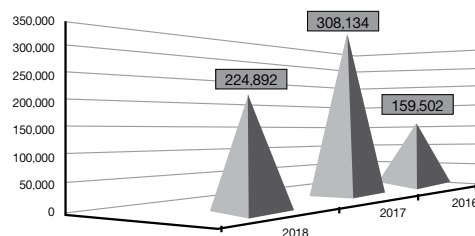
Performance Summary and Financial Highlights

(Unit: Baht'000)

| Operational Highlights | 2018 | 2017 | 2016 |
|---|-----------|-----------|-----------|
| Sales | 4,198,654 | 4,026,822 | 3,964,956 |
| Total Revenues | 4,207,840 | 4,037,009 | 3,972,886 |
| Cost of Sales and Expense | 3,808,374 | 3,529,572 | 3,628,368 |
| Finance Cost | 168,278 | 134,420 | 125,199 |
| Earning Before Tax | 231,378 | 373,017 | 219,319 |
| Income Tax | 6,487 | 64,883 | 59,818 |
| Profit for the year | 224,892 | 308,134 | 159,502 |
| Total Comprehensive Income for the year | 218,549 | 308,814 | 161,841 |
| Financial Highlights | | | |
| Current Assets | 960,414 | 918,236 | 981,610 |
| Fixed Assets | 6,021,368 | 6,240,896 | 5,849,067 |
| Total Assets | 6,981,782 | 7,159,132 | 6,830,677 |
| Current Liabilities | 1,700,623 | 1,546,397 | 942,144 |
| Non-Current Liabilities | 2,595,082 | 2,997,208 | 3,443,371 |
| Total Liabilities | 4,295,704 | 4,543,604 | 4,385,515 |
| Share Capital Fully | 955,000 | 955,000 | 955,000 |
| Shareholders' Equity | 2,686,077 | 2,615,528 | 2,445,162 |



Profit for the Year



Internal Control and Risk Management

Internal Control

Sahacogen & Affiliates have recognized the importance of the internal control system. The Board of Directors has appointed the Audit Committee to review the assessment of the company's internal control to ensure the sufficiency and appropriateness, as well as to provide accurate and credible accounting system and financial report, also to contribute asset protection and mitigate damage occurring from errors and corruption, along with effective compliance according to relevant laws and regulations.

At the Board of Directors' Meeting No. 1/2019 on February 26, 2019, the Board of Directors evaluated the company's internal control system for 2018. Such internal control was audited and reported by the internal control audit unit from Dharmniti Internal Audit Co., Ltd., headed by Ms. Ruethaichanoke Supamong. According to the assessment, the company and its subsidiaries have monitored the operating management, risk assessment and internal control system sufficiently and adequately to meet the goals, objectives, laws and relevant regulations. In addition, the company and its subsidiaries have systematic plan for assets protection, corruption prevention and credible and auditable financial reports preparation.

According to the internal control assessment in 2018 and the previous appraisal result, the internal control audit unit reported that the company has the reliable internal control system and sufficient risk management. The operating processes run in the appropriate way with the score of 3.5 (Three point five). There were some issues to be improved. However, the managements and staff in the mentioned functions have already rectified the shortcomings and deficiencies as suggested.

Dharmniti Internal Audit Co., Ltd. assessed and summarized the internal control system based on the format suggested by the Securities and Exchange of Commission (SEC). The results of the appraisal are divided into 5 sections and published in the appendix of the company's annual information disclosure form (Form 56-1). The summary of the appraisal shows the compliance based on SEC's guideline.

1. Control Environment

The company has specified explicit policies and objectives for its business with evaluation by considering fairness to employees, customers, business partners, and responsibility for shareholders, society, community and environment. It has also reviewed the implementation of the goals set on a regular basis to comply with the conditions at that time.

Moreover, the company has established the organizational structure and charters of various committees in order to separate duties and responsibilities of the Board of Directors and the management apart for the effective operation. Additionally, there are written policies on corporate governance, business ethics, and code of conduct for directors, executives and employees, which was acknowledged by all directors, executives and employees as guidelines for everyone to perform their duties with integrity, and restrain from posing conflict of interest with the company with no any cheat or corruption which causes damage to the organization. The company has set up systematic process for monitor and evaluation based on the principles of good corporate governance and regulations in such work. Provided the company found disobedience, it would have the process which could appropriately punish and manage any violations in due time according to the regulations on work and related legislation.

2. Risk Management

The Board of Directors has assigned the Corporate Governance and Risk Management Committee to be responsible for risk management in a systematic and effective manner. There was risk analysis that revealed probable risks occurring from internal and external factors which have a negative impact on the business operation. Moreover, clear working plans, working procedures were well set up with

keeping track of risk management result on a regular basis to ensure that it is at acceptable level. This includes all executives responsible for risk management, and communication on this matter to all employees to comply with as a part of an organizational culture.

The company has evaluated the potential for corruption, and carefully reviewed the targets of operations, as well as considered the reasonableness of offering incentives or rewards to employees that does not encourage them to act in an inappropriate manner. In addition, the Audit Committee has considered and inquired information from the management about the likelihood of fraud, and the company's measures to prevent corruption. With this regard, the company communicated on this matter to employees to understand and follow the policies and guidelines on anti-corruption, also not to receive or pay a bribe for business interests as stated by the company. The company has been continuously communicating the anti-corruption policy to public and stakeholders. The self-declared anti-corruption policies of the company and subsidiaries have been certified on October 14, 2016 and February 12, 2018 respectively.

Meanwhile, the company has assessed the change for the business structure as well as specified response measures to any changes affecting business operation, internal control and financial report. Moreover, the company complied with generally accepted accounting principles, which is suitable for its business, by revealing financial report which is fully accurate and reflects the operating activities of the company.

The company manages risks based on nature and types of risk, which is assessed taking account of internal and external factors. With this regard, the protection measures and risk management are specified at an acceptable level without harming business operation of which relevant persons have already been informed to ensure the compliance and follow-up.

3. Control Activities

The company has clearly specified the limitation of authority and approved credit line for each management level in writing, as well as separated duties and responsibilities of each department apart for counter-verification. It has also set the regulations concerning financial transaction, purchasing, and general management in writing, to prevent from authority abuse seeking to misappropriate company assets, or acting beyond mandate. Additionally, the company has monitored measures allowing the company operations to correspond with related laws. In the case of transactions with the major shareholders, directors, executives, or those who are involved with such persons, the company has followed related procedures and regulations with regard to the best interest of the company (at arms' length basis). There was also a policy about the approval of business transactions that must be carried out by those with no conflict of interest to prevent from putting the interests of the company to private use.

Furthermore, in the case of the approval of business transactions with long-term bindings, the company has follow-up measure to ensure full compliance according to agreed conditions. Also, the company has regularly reviewed over the appropriateness of the contract in accordance with the situations, as well as consistently monitored business operations of its subsidiaries and associate. The monitoring process will be conducted on monthly basis to ensure the compliance to the Board of Directors' resolutions, shareholders' resolutions and the related laws.

4. Information and Communication

The company has presented sufficient information and document to the Board of Directors in advance for their decision-making. Accounting records and supporting document of financial statements are completely kept in orderly manner. In addition, the company has drawn up financial statements in compliance with Thai Financial Reporting Standards (TFRS), by selecting accounting policy which is suitable with its business nature. The company also uses software applications for the effective resource consumption planning, accounting information management, financial statements, procurement, sale, inventory management and production planning. The example of softwares are Electricity Billing, Electricity Meter Reading, Biomass Quality Control and Training Record. The systems also help in giving accurate information so that the management can make timely and appropriate decisions. Moreover, the company provides systematic measures to protect and safeguard the IT structure on a regular basis.

Regarding to the Board of Directors and shareholders' meetings, the meeting notice and relevant document were sent for consideration in advance according to specified regulations. Minutes of meeting also recorded completely, containing necessary and sufficient information, with the opinions of directors and shareholders as well as questions or disagreement on some matters.

The company effectively communicated information to inside and outside the organization with appropriate channels, in order to encourage internal control to be proceeded as required by the company. It also provided a whistle blower hotline for information or clues about fraud or corruption, while the detail of the complainers and complaints will be kept confidential.

The company has established a disaster recovery site that will respond in a timely manner in case of emergency or natural disaster.

5. Monitoring Activities

The Company's operating results are monitored on a monthly basis and compared with the prior year performance in order to analyze the causes of differences and adjust their strategies to meet and achieve expected goals. In order to maintain the adequate internal control, the internal audit is required to audit, analyze and evaluate the internal control of various systems and monitor the operating performance continuously. Such results need to be reported directly to the Audit Committee. If any significant defects are found, the Audit Committee has to report them to the executives and Board of Directors for corrective action, monitoring and keeping track of such deficiencies that need to be solved.

Opinions of the Audit Committee and Auditors

The Board of Directors' Meeting No. 1/2019 on February 26, 2019 has considered that the company's and subsidiaries' internal control system were sufficient and appropriate. The audit Committee did not have the different opinions. The auditor's reports showed no major deficiency on the internal control and financial reports preparation process. The details are disclosed in the Audit Committee's Report.

Head of Internal Audit and Head of Compliance Unit

1. Head of Internal Audit

At the Audit Committee's Meeting No. 1/2018 on February 14, 2018, the committee approved to appoint Dharmniti Internal Audit Co., Ltd. to act as internal audit of the company headed by Ms. Ruethaichanoke Supamong. The framework of the internal audit is described as follows;

1. Independently perform duties on auditing and assessing the internal control system and internal audit as the annual audit plan required

2. Audit and review document and evidence relating operations as well as analyze, assess, suggest, give opinion about risk control and corporate governance process
3. Internal auditor's main responsibilities are specified as follow;
 - 3.1 Review and report the credibility and completeness of the financial reports and operating process
 - 3.2 Review the operating performance or working plan to ensure the compliance with the specified objectives, goals and action plans
 - 3.3 Review the operating system probably impacting on operations, and report that the compliance meets the policies, plans, specified regulations and relevant laws
 - 3.4 Review the appropriateness of asset control and management, and evaluate the effectiveness of resource consumption of the company
4. Prepare the internal audit report to be presented to the management and the Audit Committee
5. Attend the meetings for the review of internal audit result to achieve the internal audit's objectives

The Audit Committee has already considered Ms. Ruethaichanoke Supapong, the company's auditor from Dharmniti Internal Audit Co., Ltd. that she possesses the adequately appropriate qualifications to perform the head of internal audit. The said qualifications are independence and auditing experiences in similar business operation. Moreover, she attended training courses relating to internal audit operation. The company has assigned Ms. Naiyachan Chongkolvanich as the company representative to coordinate with the external auditor and related units.

The appointment, transfer, and dismissal of the company's head of internal audit office must receive the approval from the Audit Committee.

2. Head of Compliance Unit

The company does not appoint the head of compliance unit directly. However, the company has assigned each of the department heads to supervise and monitor their operation in compliance with laws, regulations, rules and code of conduct. The Corporate Governance and Risk Management Committee has the responsibilities to support the actions concerning to the company corporate governance and risk management.

3. The Accountant

The company has assigned Ms. Penpak Vongrakvanich, Accounting Division Manager, to be responsible for the financial statements preparation and disclosure in compliance with the Accounting Act B.E. 2543. Her responsibilities are to supervise the compilation of the financial statements and to ensure that the disclosure of the company's information is duly carried out in a comprehensive and accurate manner. The details of the accountant's educational background and working experiences are shown under the topic "Details of the Boards of Directors, Executive Members and Company Secretary".

Transaction with Related Companies

Information disclosure for inter-transaction

During 2018, the company and its subsidiaries entered into inter-transactions with parties with possible conflict of interests, according to the details as follows:

1. Normal business transaction, normal business support transaction, rental or lease transaction for immovable property (not more than 3 years), and transaction related to assets and services

(Million Baht)

| Parties with possible conflict of interests | Relationship | Shareholding Percentage (%) | | Significant Item | Inter-Transaction Value (Million Baht) | Price Policy |
|---|--------------|-----------------------------|-----------------------------|--|--|--|
| | | Shareholding by the company | Shareholding in the company | | | |
| 1 Saha Pathana Inter-Holding Plc. | A | - | 20.88 | - Selling electricity - Selling Steam - Fee paid for guarantee of minimum electricity demand - Utility Charges (Raw water & Wastewater Treatment) | 1,419 362 5 7 | Predetermined applicable discount On contract On contract Normal price like other customers |
| 2. Operational Energy Group | B | - | - | - Service fee on distribution - Machine rental | 102 45 | On contract On contract |
| 3. Sinparadorn Co., Ltd. | B | - | - | - Land rental | 2 | On contract |
| 4. Better Way (Thailand) Co., Ltd. | B | - | 0.86 | - Interest | 11 | On contract |
| 5. Pitakkij Co., Ltd. | B | - | - | - Contractor charge | 8 | On contract |
| 6. Pitakkij Security Guard Co., Ltd. | B | - | - | - Security service fee | 2 | On contract |

Relationship Nature A = The company's shareholders and joint directors B = Joint directors

Remuneration Policy The Company carried out inter-transactions with other companies, on a fair business practice basis and at arms' length, based on market prices and normal business terms being applied to those transactions conducted with unconnected outside business parties or persons.

| Item | Remuneration Policy |
|--------------------------------|---|
| Utility charges | According to the rates announced by Saha Group Industrial Park, based on actual units or volume used |
| Machine rental fees | Fees depending on the condition and duration of such property in use |
| Immovable property rental fees | Fees depending on the location, surrounding, building condition, and utilization purpose for said assets |
| Contractor charge | Fees depending on the style, size, construction materials and decorative techniques of the building in comparison with the price of other bidders |
| Security fees | Fees depending on the number of security personnel for each shift |

2. Transaction in providing financial assistance as of December 31, 2018

| Company Name | During the Year | | | | Balance as of Dec 31, 18 |
|------------------------------------|--------------------------|-------------------|----------------------|---------------|--------------------------|
| | Balance as of Dec 31, 17 | Additions | Settlements | Interest Rate | |
| 1. Sahagreen Energy Co., Ltd. | 30,000,000 | - | - | - | 30,000,000 |
| 2. Sahagreen Forest Co., Ltd. | - | - | - | - | - |
| 3. Sahacogen Green Co., Ltd. | 280,000,000 | 20,000,000 | (300,000,000) | 3.82-4.11 | - |
| Less: Allowance for doubtful debts | (30,000,000) | - | - | - | (30,000,000) |
| Total | 280,000,000 | 20,000,000 | (300,000,000) | - | - |

Loan facilities provision The company provided short-term loan to its subsidiaries. (Please refer to supplementary note to financial statements no. 6)

The company and its subsidiaries did not provide long-term loan to related parties.

3. Transaction in receiving financial assistance as of December 31, 2018

| Company Name | Relationship | During the Year | | | | Balance as of Dec 31, 18 |
|------------------------------------|--------------|--------------------------|-----------|-------------|---------------|--------------------------|
| | | Balance as of Dec 31, 17 | Additions | Settlements | Interest Rate | |
| 1. Better Way (Thailand) Co., Ltd. | A | 320,000,000 | - | - | 3.0-5.0 | 320,000,000 |
| Total | - | 320,000,000 | - | - | - | 320,000,000 |

Relationship Nature A = The company's shareholders and joint directors

Loan provision The long-term loan provided to related party with monthly interest payment, and is to be repaid within 5 years and unsecured. (Please refer to supplementary note to financial statements no. 6),

Financial guarantees provision

As of 31 December 2018, the Company has guaranteed credit facilities for Impact Solar Company Limited (associated company) in the amount of Baht 42 million in proportion to its shareholding (21%) in order to provide financial support to related businesses (Please refer to supplementary note to financial statements no. 29)

The necessity and rationale for entering into transactions with parties with possible conflict of interests

To sustain the company's operations under the prevailing severe competitive situation, the company needed to secure the support of business partners and business alliance network from upstream to downstream industries, further contributing to its competitiveness and business potentials, and leading to its further development and sustainable growth in the future.

While its business partners and business alliance members might be parties with possible conflict of interests, nevertheless, the Board of Directors might find it reasonable and necessary to enter into agreement or transaction with said parties, with the interests of the shareholders and the company in mind. In such case, the transaction price would be based on normal business terms, without harboring any intention to engage in unjust transfer of company asset or interest to such parties with possible conflict of interests.

At the same time, The Board of Directors duly followed the requirements in the Securities and Exchange Act (no.4) B.E. 2551 article 89/12, by authorizing the company's management, after the completion of the annual shareholders' meeting, to enter into such transactions considered to normal business transactions and business support transactions under normal business terms in such same manner as other business partners under the same circumstances. Such transactions would be carried out without any exercise of undue influence due to such status as director, management member, or related persons, with such transactions duly reported to The Board of Directors' meeting held each quarter.

Opinions regarding inter-transactions by the Audit Committee

In case of inter-transactions considered significant, the company followed its policy in proposing such transactions to the Board of Directors' meeting to be accepted from the Audit Committee and approved by the Board of Directors for further forwarding to the shareholders' meeting for their approval according to the volume of inter-transactions.

The Audit Committee concluded not to have any different opinions regarding inter-transactions in 2018, from those resolutions adopted by the Board of Directors' meeting.

Policy or Potential Related Transaction in the Future

The Board of Directors duly recognized their responsibilities as the directors of public company in carrying out their duties toward the shareholders, employees, and all stakeholders, in accordance with the good corporate governance principles. Accordingly, those inter-transactions likely to take place in the future, would represent normal business transactions, with the disclosure of information duly carried out in accordance with the Notification of the Capital Market Supervisory Board, regarding "rules on connected transactions".

Persons with possible conflict of interests holding combined shareholding in subsidiary / associate companies over the level of 10%

The company did not have persons with possible conflict of interests holding combined shareholding in subsidiary companies over the level of 10%.

The Board of Directors' Responsibility Report towards Financial Statements

The Board of Directors duly recognized their obligations and responsibilities in their status as the directors of SET listed company, with regard to the compilation of financial statements for Sahacogen (Chonburi) Public Company Limited and its subsidiary companies. Said financial statements were prepared in accordance with Thai Financial Reporting Standards (TFRS), based on the adoption of appropriate accounting policies on a consistent basis, accompanied by careful consideration and justifiable accounting estimates.

Furthermore, adequate significant information was disclosed per the notes to the financial statements, together with necessary clarification and analysis regarding the financial positions and performances by the company and its subsidiaries, so as to contribute to the interests of the shareholders and general investors. Moreover, said financial statements were duly audited and unconditionally verified by independent certified public accountants.

At the same time, The Board of Directors had exercised efforts to promote good governance practices, and to establish risk management system and internal control system in an efficient and effective manner. These practices were intended to ensure that the recording of accounting information was carried out in an accurate, complete, and sufficient manner, in order to safeguard the assets of the company and its subsidiaries, while also safeguarding against any significant fraud or abuse.

In this regard, The Company's Audit Committee whose members comprising independent directors had duly carried out audit work on the quality of the financial statements and the efficiency of internal control system. The opinions of The Audit Committee were displayed per the Audit Committee's report contained in the annual report publication, as well as the annual registration statement (form 56-1).

Accordingly, The Board of Directors concluded that, the good corporate governance practice, the risk management system, as well as the internal control system already in place at the company, were well adequate and sufficient, reasonably providing sufficient confidence to all the concerned parties that, the financial statements of the company and its subsidiaries ending December 31, 2018, were prepared and presented in substantial context, in an accurate and reliable manner.



Mr. Sujarit Patchimnan
Chairman



Mr. Viroj Theeravatvatee
Managing Director

Independent Auditor's Report

To the Shareholders of Sahacogen (Chonburi) Public Company Limited

Opinion

I have audited the accompanying consolidated financial statements of Sahacogen (Chonburi) Public Company Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2018, and the related consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and have also audited the separate financial statements of Sahacogen (Chonburi) Public Company Limited for the same period.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Sahacogen (Chonburi) Public Company Limited and its subsidiaries and of Sahacogen (Chonburi) Public Company Limited as at 31 December 2018, their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Basis for Opinion

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

Key Audit Matters

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

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

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

Investment in subsidiary

As described in Note 11 to the consolidated financial statements, as at 31 December 2018, the Company had an investment in a subsidiary with the book value of Baht 1,520 million, which is significant amount. This subsidiary had deficit from operations. The determination of the recoverable amount of the investment in this subsidiary requires management to exercise considerable judgement in order to forecast the operating results, estimating the cash inflows that are expected to be generated from investment, and to determine the discount rate and key assumptions. As a result, I attached importance to the audit of this matter.

I assessed the forecasted operating results of the subsidiary prepared by the management of the Company, by gaining an understanding of the processes performed by the management to derive such figures, evaluating the assumptions used in preparing the plans and cash flow projections of the subsidiary, comparing these assumptions to other available sources of data, comparing past cash flow projections with actual operating results to assess management's judgement in projecting future cash flows. I also considered the discount rate used by the management by comparing the weighted average cost of capital, other data and tested the calculation of the recoverable amount of the investment in the subsidiary in accordance with the financial model.

Other Information

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

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

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

When I read the annual report of the Group, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance for correction of the misstatement.

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

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

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

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

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



Sirirat Sricharoensup

Certified Public Accountant (Thailand) No. 5419

EY Office Limited

Bangkok: 26 February 2019

Sahacogen (Chonburi) Public Company Limited and its subsidiaries

Statement of financial position

As at 31 December 2018

(Unit: Baht)

| | | <u>Consolidated financial statements</u> | | <u>Separate financial statements</u> | |
|---|-------------|--|----------------------|--------------------------------------|----------------------|
| | <u>Note</u> | <u>2018</u> | <u>2017</u> | <u>2018</u> | <u>2017</u> |
| Assets | | | | | |
| Current assets | | | | | |
| Cash and cash equivalents | 7 | 75,295,500 | 77,680,387 | 54,169,622 | 58,027,861 |
| Current investments - securities held for trading | | 272,324 | 269,844 | 272,324 | 269,844 |
| Trade and other receivables | 8 | 593,304,240 | 558,088,928 | 502,044,689 | 464,409,864 |
| Short-term loans to related parties | 6 | - | - | - | 280,000,000 |
| Prepaid expenses | | 27,160,672 | 28,348,534 | 22,900,121 | 22,801,862 |
| Inventories | 9 | 252,566,705 | 243,775,098 | 122,251,128 | 136,004,579 |
| Other current assets | | 11,814,309 | 10,073,232 | 8,758,840 | 8,120,748 |
| Total current assets | | 960,413,750 | 918,236,023 | 710,396,724 | 969,634,758 |
| Non-current assets | | | | | |
| Restricted bank deposits | | 812,000 | 812,000 | - | - |
| Investments in subsidiaries | 11 | - | - | 1,662,499,900 | 1,662,499,900 |
| Investment in associate | 12 | 91,120,115 | - | 90,930,000 | - |
| Other long-term investments - available-for-sale securities | 13 | 10,680,000 | 10,050,000 | 10,680,000 | 10,050,000 |
| Property, plant and equipment | 14 | 5,845,945,619 | 6,146,046,931 | 4,099,283,565 | 4,378,520,564 |
| Biological assets | 15 | 39,642,621 | 49,353,216 | - | - |
| Deferred tax assets | 23 | 22,955,913 | 21,496,536 | 22,955,913 | 21,496,536 |
| Intangible assets | 16 | 9,828,999 | 11,736,436 | 7,259,199 | 9,068,262 |
| Other non-current assets | | 382,500 | 1,401,329 | 231,000 | 231,000 |
| Total non-current assets | | 6,021,367,767 | 6,240,896,448 | 5,893,839,577 | 6,081,866,262 |
| Total assets | | 6,981,781,517 | 7,159,132,471 | 6,604,236,301 | 7,051,501,020 |

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

Sahacogen (Chonburi) Public Company Limited and its subsidiaries

Statement of financial position (continued)

As at 31 December 2018

(Unit: Baht)

| | | Consolidated financial statements | | Separate financial statements | |
|--|------|-----------------------------------|---------------|-------------------------------|---------------|
| | Note | 2018 | 2017 | 2018 | 2017 |
| Liabilities and shareholders' equity | | | | | |
| Current liabilities | | | | | |
| Short-term loans from financial institutions | 17 | 606,000,000 | 209,000,000 | 260,000,000 | 160,000,000 |
| Trade and other payables | 18 | 500,820,009 | 484,952,005 | 483,833,865 | 462,660,214 |
| Current portion of liabilities under | | | | | |
| finance lease agreement | | 459,276 | 429,182 | 459,276 | 429,182 |
| Current portion of long-term loans | 19 | 542,088,000 | 719,952,000 | 490,300,000 | 671,400,000 |
| Income tax payable | | - | 20,549,009 | - | 20,549,009 |
| Current porting of retentions | | - | 74,471,803 | - | 74,471,803 |
| Other current liabilities | | 51,255,381 | 37,042,630 | 39,784,770 | 26,533,290 |
| Total current liabilities | | 1,700,622,666 | 1,546,396,629 | 1,274,377,911 | 1,416,043,498 |
| Non-current liabilities | | | | | |
| Long-term loan from related party | 6 | 320,000,000 | 320,000,000 | 320,000,000 | 320,000,000 |
| Liabilities under finance lease agreements - net of | | | | | |
| current portion | | 2,318,173 | 2,744,508 | 2,318,173 | 2,744,508 |
| Long-term loans - net of current portion | 19 | 2,246,862,000 | 2,659,950,000 | 2,065,600,000 | 2,426,900,000 |
| Provision for long-term employee benefits | 20 | 25,901,377 | 14,513,027 | 19,758,368 | 12,411,297 |
| Total non-current liabilities | | 2,595,081,550 | 2,997,207,535 | 2,407,676,541 | 2,762,055,805 |
| Total liabilities | | 4,295,704,216 | 4,543,604,164 | 3,682,054,452 | 4,178,099,303 |
| Shareholders' equity | | | | | |
| Share capital | | | | | |
| Registered, issued and fully paid | | | | | |
| 955,000,000 ordinary shares of Baht 1 each | | 955,000,000 | 955,000,000 | 955,000,000 | 955,000,000 |
| Share premium | | 285,447,000 | 285,447,000 | 285,447,000 | 285,447,000 |
| Deficit on changes in the ownership interest in a subsidiary | | (31,800,734) | (31,800,734) | - | - |
| Retained earnings | | | | | |
| Appropriated | | | | | |
| Statutory reserve - the Company | 21 | 95,500,000 | 95,500,000 | 95,500,000 | 95,500,000 |
| Statutory reserve - the subsidiary | | 3,140,000 | 1,360,000 | - | - |
| Unappropriated | | 1,315,012,056 | 1,251,577,601 | 1,586,410,849 | 1,538,134,717 |
| Other component of shareholders' equity | | (176,000) | (680,000) | (176,000) | (680,000) |
| Equity attributable to owners of the Company | | 2,622,122,322 | 2,556,403,867 | 2,922,181,849 | 2,873,401,717 |
| Non-controlling interests of the subsidiaries | | 63,954,979 | 59,124,440 | - | - |
| Total shareholders' equity | | 2,686,077,301 | 2,615,528,307 | 2,922,181,849 | 2,873,401,717 |
| Total liabilities and shareholders' equity | | 6,981,781,517 | 7,159,132,471 | 6,604,236,301 | 7,051,501,020 |

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

Directors

Sahacogen (Chonburi) Public Company Limited and its subsidiaries

Statement of comprehensive income

For the year ended 31 December 2018

(Unit: Baht)

| | | <u>Consolidated financial statements</u> | | <u>Separate financial statements</u> | |
|---|-------------|--|----------------------|--------------------------------------|----------------------|
| | <u>Note</u> | <u>2018</u> | <u>2017</u> | <u>2018</u> | <u>2017</u> |
| Profit or loss: | | | | | |
| Revenues | | | | | |
| Sales | 24 | 4,198,653,530 | 4,026,821,920 | 3,609,220,098 | 3,440,614,784 |
| Other income | | | | | |
| Interest income | | 305,810 | 798,372 | 2,735,798 | 11,635,371 |
| Others | | <u>8,881,059</u> | <u>9,388,828</u> | <u>21,604,206</u> | <u>20,503,846</u> |
| Total revenues | | <u>4,207,840,399</u> | <u>4,037,009,120</u> | <u>3,633,560,102</u> | <u>3,472,754,001</u> |
| Expenses | | | | | |
| Cost of sales | | 3,656,660,518 | 3,385,847,770 | 3,187,369,283 | 2,910,936,784 |
| Administrative expenses | | 152,142,899 | 139,443,869 | 101,560,810 | 93,332,103 |
| Impairment loss on assets (reversal) | | (2,979,203) | 4,280,650 | (5,000,000) | 5,000,000 |
| Impairment loss on biological assets | 15 | <u>2,550,001</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total expenses | | <u>3,808,374,215</u> | <u>3,529,572,289</u> | <u>3,283,930,093</u> | <u>3,009,268,887</u> |
| Profit before share of income from investment in associate, finance cost and income tax expenses | | | | | |
| | | 399,466,184 | 507,436,831 | 349,630,009 | 463,485,114 |
| Share of income from investment in associate | 12 | <u>190,115</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Profit before finance cost and income tax expenses | | 399,656,299 | 507,436,831 | 349,630,009 | 463,485,114 |
| Finance cost | | <u>(168,277,845)</u> | <u>(134,419,679)</u> | <u>(147,818,060)</u> | <u>(118,198,417)</u> |
| Profit before income tax expenses | | 231,378,454 | 373,017,152 | 201,811,949 | 345,286,697 |
| Income tax expenses | 23 | <u>(6,486,900)</u> | <u>(64,882,769)</u> | <u>(6,486,900)</u> | <u>(64,882,769)</u> |
| Profit for the year | | <u>224,891,554</u> | <u>308,134,383</u> | <u>195,325,049</u> | <u>280,403,928</u> |

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

Sahacogen (Chonburi) Public Company Limited and its subsidiaries

Statement of comprehensive income (continued)

For the year ended 31 December 2018

(Unit: Baht)

| | | Consolidated financial statements | | Separate financial statements | |
|--|------|-----------------------------------|--------------------|-------------------------------|--------------------|
| | Note | 2018 | 2017 | 2018 | 2017 |
| Other comprehensive income: | | | | | |
| Other comprehensive income to be reclassified to profit or loss in subsequent periods: | | | | | |
| Gain on changes in value of available-for-sale investments | | 630,000 | 850,000 | 630,000 | 850,000 |
| Less: Income tax effect | 23 | (126,000) | (170,000) | (126,000) | (170,000) |
| | | <u>504,000</u> | <u>680,000</u> | <u>504,000</u> | <u>680,000</u> |
| Other comprehensive income not to be reclassified to profit or loss in subsequent periods: | | | | | |
| Actuarial loss | 20 | (7,796,287) | - | (4,748,647) | - |
| Less: Income tax effect | 23 | 949,730 | - | 949,730 | - |
| | | <u>(6,846,557)</u> | <u>-</u> | <u>(3,798,917)</u> | <u>-</u> |
| Other comprehensive income for the year | | <u>(6,342,557)</u> | <u>680,000</u> | <u>(3,294,917)</u> | <u>680,000</u> |
| Total comprehensive income for the year | | <u>218,548,997</u> | <u>308,814,383</u> | <u>192,030,132</u> | <u>281,083,928</u> |
| Profit attributable to: | | | | | |
| Equity holders of the Company | | 215,054,746 | 299,349,994 | <u>195,325,049</u> | <u>280,403,928</u> |
| Non-controlling interests of the subsidiaries | | <u>9,836,808</u> | <u>8,784,389</u> | | |
| | | <u>224,891,554</u> | <u>308,134,383</u> | | |
| Total comprehensive income attributable to: | | | | | |
| Equity holders of the Company | | 208,968,455 | 300,029,994 | <u>192,030,132</u> | <u>281,083,928</u> |
| Non-controlling interests of the subsidiaries | | <u>9,580,542</u> | <u>8,784,389</u> | | |
| | | <u>218,548,997</u> | <u>308,814,383</u> | | |
| Basic earnings per share | | | | | |
| Profit attributable to equity holders of the Company | 25 | <u>0.23</u> | <u>0.31</u> | <u>0.20</u> | <u>0.29</u> |

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

| | Consolidated financial statements | | | | | | | | | | | (Unit: Baht) | |
|---|--|---------------|---|-----------------|------------|----------------|----------------------------|----------------------------|---|--|--|---------------|----------------------------|
| | Equity attributable to owners of the Company | | | | | | | | | | | | |
| | Issued and paid-up share capital | Share premium | Deficit on changes in the ownership interests in a subsidiary | Retain earnings | | Unappropriated | Other components of equity | | | Total equity attributable to owners of the Company | Equity attributable to non-controlling interests of the subsidiaries | | Total shareholders' equity |
| | | | | Appropriated | Subsidiary | | The Company | Other comprehensive income | Deficit on changes in value of available-for-sale investments | | | | |
| Balance as at 1 January 2017 | 955,000,000 | 285,447,000 | (31,800,734) | | 95,500,000 | | 1,087,286,165 | (1,360,000) | (1,360,000) | 2,390,072,431 | 55,090,054 | 2,445,162,485 | |
| Profit for the year | - | - | - | | - | | 299,349,994 | - | - | 299,349,994 | 8,784,389 | 308,134,383 | |
| Other comprehensive income for the year | - | - | - | | - | | - | 680,000 | 680,000 | 680,000 | - | 680,000 | |
| Total comprehensive income for the year | - | - | - | | - | | 299,349,994 | 680,000 | 680,000 | 300,029,994 | 8,784,389 | 308,814,383 | |
| Transferred unappropriated retained earnings to statutory reserved | - | - | - | | - | | 1,360,000 | (1,360,000) | - | - | - | - | |
| Decrease in non-controlling interests of subsidiaries from dividend payment of a subsidiary | - | - | - | | - | | - | - | - | - | (4,750,003) | (4,750,003) | |
| Dividend paid (Note 28) | - | - | - | | - | | (133,698,558) | - | - | (133,698,558) | - | (133,698,558) | |
| Balance as at 31 Decem ber 2017 | 955,000,000 | 285,447,000 | (31,800,734) | | 95,500,000 | | 1,251,577,601 | (680,000) | (680,000) | 2,556,403,867 | 59,124,440 | 2,615,528,307 | |
| Balance as at 1 January 2018 | 955,000,000 | 285,447,000 | (31,800,734) | | 95,500,000 | | 1,251,577,601 | (680,000) | (680,000) | 2,556,403,867 | 59,124,440 | 2,615,528,307 | |
| Profit for the year | - | - | - | | - | | 215,054,746 | - | - | 215,054,746 | 9,836,808 | 224,891,554 | |
| Other comprehensive income for the year | - | - | - | | - | | (6,590,291) | 504,000 | 504,000 | (6,086,291) | (256,266) | (6,342,557) | |
| Total comprehensive income for the year | - | - | - | | - | | 208,464,455 | 504,000 | 504,000 | 208,968,455 | 9,580,542 | 218,548,997 | |
| Transferred unappropriated retained earnings to statutory reserved | - | - | - | | - | | 1,780,000 | (1,780,000) | - | - | - | - | |
| Decrease in non-controlling interests of subsidiaries from dividend payment of a subsidiary | - | - | - | | - | | - | - | - | - | (4,750,003) | (4,750,003) | |
| Dividend paid (Note 28) | - | - | - | | - | | (143,250,000) | - | - | (143,250,000) | - | (143,250,000) | |
| Balance as at 31 Decem ber 2018 | 955,000,000 | 285,447,000 | (31,800,734) | | 95,500,000 | | 1,315,012,656 | (176,000) | (176,000) | 2,622,122,322 | 63,954,979 | 2,686,077,301 | |

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

Sahacogen (Chonburi) Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity (continued)

For the year ended 31 December 2018

| | Separate financial statements | | | | | (Unit: Baht) |
|---|----------------------------------|-------------|---------------|-------------------|----------------|---------------------------|
| | Issued and paid-up share capital | | Share premium | Retained earnings | | Other component of equity |
| | | | | Appropriated | Unappropriated | |
| Balance as at 1 January 2017 | 955,000,000 | 285,447,000 | 95,500,000 | 1,391,429,347 | (1,360,000) | 2,726,016,347 |
| Profit for the year | - | - | - | 280,403,928 | - | 280,403,928 |
| Other comprehensive income for the year | - | - | - | - | 680,000 | 680,000 |
| Total comprehensive income for the year | - | - | - | 280,403,928 | 680,000 | 281,083,928 |
| Dividend paid (Note 28) | - | - | - | (133,698,558) | - | (133,698,558) |
| Balance as at 31 December 2017 | 955,000,000 | 285,447,000 | 95,500,000 | 1,538,134,717 | (680,000) | 2,873,401,717 |
| Balance as at 1 January 2018 | 955,000,000 | 285,447,000 | 95,500,000 | 1,538,134,717 | (680,000) | 2,873,401,717 |
| Profit for the year | - | - | - | 195,325,049 | - | 195,325,049 |
| Other comprehensive income for the year | - | - | - | (3,798,917) | 504,000 | (3,294,917) |
| Total comprehensive income for the year | - | - | - | 191,526,132 | 504,000 | 192,030,132 |
| Dividend paid (Note 28) | - | - | - | (143,250,000) | - | (143,250,000) |
| Balance as at 31 December 2018 | 955,000,000 | 285,447,000 | 95,500,000 | 1,586,410,849 | (176,000) | 2,922,181,849 |

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

Sahacogen (Chonburi) Public Company Limited and its subsidiaries

Cash flow statement

For the year ended 31 December 2018

(Unit: Baht)

| | Consolidated financial statements | | Separate financial statements | |
|--|-----------------------------------|---------------|-------------------------------|---------------|
| | 2018 | 2017 | 2018 | 2017 |
| Cash flows from operating activities | | | | |
| Profit before tax | 231,378,454 | 373,017,152 | 201,811,949 | 345,286,697 |
| Adjustment to reconcile profit before tax to net cash provided by (paid from) operating activities | | | | |
| (Gain) loss on disposal of land and equipment | 3,792,572 | (115,591) | 4,050,631 | (97,754) |
| (Gain) loss on change in fair value of biological assets | 6,727,704 | (655,375) | - | - |
| Depreciation | 503,365,020 | 437,364,706 | 421,575,093 | 357,405,796 |
| Amortisation on intangible assets | 2,278,636 | 2,449,803 | 1,861,063 | 2,035,735 |
| Write - off machine, equipment and intangible assets | 4,474,610 | 3,781,436 | 4,110,903 | 3,701,894 |
| Write - off biological assets | 335,292 | 1,132,667 | - | - |
| Reduction of inventory to net realisable value | 5,579,519 | 3,496,057 | 5,579,519 | 6,047,119 |
| Unrealised gain on change in value of securities held for trading | (2,480) | (2,646) | (2,480) | (2,646) |
| Share of income from investment in associate | (190,115) | - | - | - |
| Provision for long-term employee benefits | 3,592,063 | 1,998,280 | 2,598,424 | 1,655,990 |
| Allowance for impairment loss on assets (reversal) | (2,979,203) | 4,280,650 | (5,000,000) | 5,000,000 |
| Allowance for impairment loss on biological assets | 2,550,001 | - | - | - |
| Reversal of allowance for doubtful accounts | - | - | - | (137,907) |
| Interest expenses | 161,832,345 | 134,419,679 | 141,372,560 | 118,198,417 |
| Profit from operating activities before changes in operating assets and liabilities | 922,734,418 | 961,166,818 | 777,957,662 | 839,093,341 |
| Operating assets (increase) decrease | | | | |
| Trade and other receivables | (35,215,312) | (22,247,520) | (37,634,825) | (27,507,379) |
| Inventories | (14,371,126) | (49,405,200) | 8,173,932 | (37,676,979) |
| Other current assets | 5,221,532 | 18,903,884 | 5,264,598 | 17,364,259 |
| Other non-current assets | 1,018,829 | (894,330) | - | (6,000) |
| Operating liabilities increase (decrease) | | | | |
| Trade and other payables | 11,795,705 | 224,927,094 | 18,576,891 | 230,179,341 |
| Other current liabilities | 14,012,665 | (196,819) | 13,050,468 | 5,389,677 |
| Cash flows from operating activities | 905,196,711 | 1,132,253,927 | 785,388,726 | 1,026,836,260 |
| Cash paid for interest expenses | (161,632,258) | (164,119,901) | (141,171,548) | (147,819,813) |
| Cash paid for corporate income tax | (33,446,304) | (68,011,555) | (33,672,505) | (68,004,701) |
| Net cash flows from operating activities | 710,118,149 | 900,122,471 | 610,544,673 | 811,011,746 |

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

Sahacogen (Chonburi) Public Company Limited and its subsidiaries

Cash flow statement (continued)

For the year ended 31 December 2018

(Unit: Baht)

| | <u>Consolidated financial statements</u> | | <u>Separate financial statements</u> | |
|---|--|----------------------|--------------------------------------|----------------------|
| | <u>2018</u> | <u>2017</u> | <u>2018</u> | <u>2017</u> |
| Cash flows from investing activities | | | | |
| Decrease in biological assets | 97,598 | 1,244,601 | - | - |
| Proceeds from sales of land and equipment | 1,674,975 | 2,481,996 | 959,299 | 1,129,380 |
| Acquisition of property, plant and equipment | (206,254,362) | (802,517,594) | (143,962,167) | (766,014,097) |
| Increase (decrease) in retentions | (74,371,803) | 38,517,751 | (74,371,803) | 38,517,751 |
| Acquisition of intangible assets | (371,200) | (158,629) | (52,000) | (63,329) |
| Cash paid for investing in associate | (90,930,000) | - | (90,930,000) | - |
| Net cash flows used in investing activities | (370,154,792) | (760,431,875) | (308,356,671) | (726,430,295) |
| Cash flows from financing activities | | | | |
| Decrease in short-term loans to related parties | - | - | 280,000,000 | 35,000,000 |
| Increase in short-term loans from financial institutions | 397,000,000 | 185,000,000 | 100,000,000 | 160,000,000 |
| Repayment of other short-term loans | - | (5,000,000) | - | - |
| Decrease in liabilities under finance lease agreements | (396,241) | - | (396,241) | - |
| Increase in long-term loans from financial institutions | 644,550,000 | 305,000,000 | 644,550,000 | 305,000,000 |
| Repayment of long-term loans | (1,235,502,000) | (598,878,000) | (1,186,950,000) | (556,800,000) |
| Dividend paid | (143,250,000) | (133,698,558) | (143,250,000) | (133,698,558) |
| Dividend paid for non-controlling interests of subsidiary | (4,750,003) | (4,750,003) | - | - |
| Net cash flows used in financing activities | (342,348,244) | (252,326,561) | (306,046,241) | (190,498,558) |
| Net decrease in cash and cash equivalents | (2,384,887) | (112,635,965) | (3,858,239) | (105,917,107) |
| Cash and cash equivalents at beginning of year | 77,680,387 | 190,316,352 | 58,027,861 | 163,944,968 |
| Cash and cash equivalents at end of year | 75,295,500 | 77,680,387 | 54,169,622 | 58,027,861 |
| | - | - | - | - |
| Supplemental cash flow information: | | | | |
| Non-cash transactions | | | | |
| Acquisition of machine and equipment not yet paid | 3,972,299 | 8,958,275 | 2,496,760 | 4,666,931 |
| Acquisition of asset from finance lease | - | 3,173,690 | - | 3,173,690 |

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

Sahacogen (Chonburi) Public Company Limited and its subsidiaries

Notes to consolidated financial statements

For the year ended 31 December 2018

1. General information

Sahacogen (Chonburi) Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. The Company is principally engaged in the production and distribution of electricity and steam. The registered office of the Company is at 636 Moo 11, Sukaphiban 8 Road, Nongkarm, Sriracha, Chonburi.

2. Basis of preparation

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

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

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

2.2 Basis of consolidation

- a) The consolidated financial statements include the financial statements of Sahacogen (Chonburi) Public Company Limited (“the Company”) and the following subsidiary companies (“the subsidiaries”):

| Company's name | Nature of business | Country of incorporation | Percentage of shareholding | |
|--|--|--------------------------|----------------------------|-------------|
| | | | <u>2018</u> | <u>2017</u> |
| | | | Percent | Percent |
| Sahacogen Green Company Limited | Production and distribution of electricity and steam | Thailand | 100 | 100 |
| Sahagreen Forest Company Limited | Production and distribution of electricity | Thailand | 75 | 75 |
| Sahagreen Energy Company Limited (Owned by Sahacogen Green Company Limited) | Production and distribution of wood pellet (temporarily ceased its operation) | Thailand | 100 | 100 |

- b) The Company is deemed to have control over an investee or subsidiaries if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns.
 - c) Subsidiaries are fully consolidated as from the date of acquisition, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.
 - d) The financial statements of the subsidiaries are prepared using the same significant accounting policies as the Company.
 - e) Material balances and transactions between the Company and its subsidiaries have been eliminated from the consolidated financial statements.
 - f) Non-controlling interests represent the portion of profit or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated profit or loss and within equity in the consolidated statement of financial position.
- 2.3 The separate financial statements present investments in subsidiaries and associate under the cost method.

3. New financial reporting standards

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

During the year, the Company and its subsidiaries have adopted the revised financial reporting standards and interpretations (revised 2017) which are effective for fiscal years beginning on or after 1 January 2018. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes and clarifications directed towards disclosures in the notes to financial statements. The adoption of these financial reporting standards does not have any significant impact on the Company and its subsidiaries' financial statements.

(b) Financial reporting standards that will become effective for fiscal years beginning on or after 1 January 2019

The Federation of Accounting Professions issued a number of revised and new financial reporting standards and interpretations (revised 2018) which are effective for fiscal years beginning on or after 1 January 2019. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards.

The management of the Company and its subsidiaries believe that most of the revised financial reporting standards will not have any significant impact on the financial statements when they are initially applied. However, the new standard involves changes to key principles, as summarised below.

TFRS 15 Revenue from Contracts with Customers

TFRS 15 supersedes the following accounting standards together with related Interpretations.

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

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

The management of the Company and its subsidiaries believe that this standard will not have any significant impact on the financial statements when it is initially applied.

(c) ~~Financial reporting standards related to financial instruments that will become effective for fiscal years beginning on or after 1 January 2020~~

During the current year, the Federation of Accounting Professions issued a set of TFRSs related to financial instruments, which consists of five accounting standards and interpretations, as follows:

Financial reporting standards:

| | |
|--------|------------------------------------|
| TFRS 7 | Financial Instruments: Disclosures |
| TFRS 9 | Financial Instruments |

Accounting standard:

| | |
|--------|-------------------------------------|
| TAS 32 | Financial Instruments: Presentation |
|--------|-------------------------------------|

Financial Reporting Standard Interpretations:

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

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

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

4. Significant accounting policies

4.1 Revenue recognition

Sales

Revenue from sales is recognised when the significant risks and rewards passed to the buyer. Revenue from sales of electricity includes electricity tariff adder but is net of fuel adjustment charges (Ft) and operating charges of the Electricity Generating Authority of Thailand/Provincial Electricity Authority. Revenue from sales is the invoiced value, excluding value added tax after deducting discounts and allowances.

Interest income

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

Dividends

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

4.2 Cash and cash equivalents

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

4.3 Trade accounts receivable

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

4.4 Inventories

Finished goods are valued at the lower of cost (under the weighted average method) and net realisable value. The cost of inventories includes all production costs and attributable factory overheads.

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

4.5 Investments

- a) Investments in securities held for trading are stated at fair value. Changes in the fair value of these securities are recorded in profit or loss.
- b) Investments in available-for-sale securities are stated at fair value. Changes in the fair value of these securities are recorded in other comprehensive income, and will be recorded in profit or loss when the securities are sold.
- c) Investments in subsidiaries and associate are accounted for in the separate financial statements using the cost method.
- d.) Investments in associate is accounted for in the consolidated financial statements using the equity method.

The fair value of marketable securities is based on the latest bid price of the last working day of the year. The fair value of unit trusts is determined from their net asset value.

The weighted average method is used for computation of the cost of investments.

In the event the Company reclassifies investments from one type to another, such investments will be readjusted to their fair value as at the reclassification date. The difference between the carrying amount of the investments and the fair value on the date of reclassification are recorded in profit or loss or recorded as other components of shareholders' equity, depending on the type of investment that is reclassified.

On disposal of an investment, the difference between net disposal proceeds and the carrying amount of the investment is recognised in profit or loss.

4.6 Property, plant and equipment/Depreciation

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

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

| | |
|--|---------------|
| Power plant | 25 - 30 years |
| Power plant improvement | 3 - 6 years |
| Buildings | 10 - 25 years |
| The improvements of land and buildings | 4 - 25 years |
| Tools and equipment | 3 - 15 years |
| Furniture and office equipment | 3 - 10 years |
| Vehicles | 5 years |

Depreciation is included in determining income.

No depreciation is provided for land and construction in progress.

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

4.7 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 capitalised 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.

4.8 Agriculture

The subsidiary's biological assets consist of eucalyptus, leucaena and acacia hybrid and its agricultural produce consist wood for energy and wood for construction which were measured at their fair value less costs to sell and fair value less costs to sell at the point of harvest, respectively.

The fair value of eucalyptus, leucaena, acacia hybrid is determined based on discounted cash flows/ reference to price of eucalyptus, leucaena and acacia hybrid at the point of harvest. Gains or losses on changes in fair value of biological asset and agricultural produce are recognised in profit or loss.

In case the fair value cannot be measured reliably, this biological asset shall be measured at its cost less any accumulated depreciation and any accumulated impairment losses. Once the fair value of such a biological asset becomes reliably measurable, the subsidiary shall measure it at its fair value less costs to sell.

4.9 Intangible assets

Intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses (if any).

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

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

| | <u>Useful lives</u> |
|---|---------------------|
| Computer software | 3 - 10 years |
| Rights in contracts to produce and distribute electricity | 20 years |

4.10 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 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.

4.11 Long-term leases

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

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

4.12 Foreign currencies

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

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

Gains and losses on exchange are included in determining income.

4.13 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. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount. 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 recognised in profit or loss.

In the assessment of asset impairment if there is any indication that previously recognised impairment losses may no longer exist or may have decreased, the Company and its subsidiaries estimate the asset's recoverable amount. A previously recognised 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 recognised. The increased carrying amount of the asset attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss.

4.14 Employee benefits

~~Short-term~~ employee benefits

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

~~Post-employment~~ benefits

~~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 contributions of the Company and its subsidiaries are recognised 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 benefits plans are recognised immediately in other comprehensive income.

4.15 Provisions

Provisions are recognised 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.

4.16 Income tax

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

~~Current~~ tax

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

Deferred tax

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

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

At each reporting date, the 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 utilised.

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.

4.17 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 categorised within the fair value hierarchy into three levels based on categorise of input to be used in fair value measurement as follows:

- Level 1 - Use of quoted market prices in an observable active market for such assets or liabilities
- Level 2 - Use of other observable inputs for such assets or liabilities, whether directly or indirectly
- Level 3 - Use of unobservable inputs such as estimates of future cash flows

At the end of each reporting period, the 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.

5. Significant accounting judgements and estimates

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

Impairment of assets

The Company and its subsidiaries treat assets as impaired when the management judges that there has been a significant decline in the fair value below their cost or where other objective evidence of impairment exists. The determination of what is “significant” requires judgement of the management.

Property, plant and equipment Depreciation

Recognition of costs incurred as costs of property, plant and equipment requires management to exercise judgement, when identifying and recognising costs that are directly attributable to the acquisition of the assets. Moreover, capitalisation of such costs ceases when the management determine that the assets are in a condition whereby they are ready for their intended use.

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.

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 judgements regarding forecast of future revenues and expenses relating to the assets subject to the review.

Biological assets

The Company and its subsidiaries measured their biological assets at their fair value less costs to sell. Such fair values were calculated using the discounted cash flows method. The valuation involves certain assumptions and estimates such as projected cash flows discount rate, selling price, maintenance costs, selling price adjustment rate and the survival rate of biological assets.

Deferred tax assets

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

Post-employment benefits under defined benefit plans

The obligation under the defined benefit plan is determined based on actuarial techniques. Such determination is made based on various assumptions, including discount rate, future salary increase rate, mortality rate and staff turnover rate.

6. Related party transactions

During the years, the Company and its subsidiaries had significant business transactions with related parties. Such transactions, which are summarised below, arose in the ordinary course of business and were concluded on commercial terms and bases agreed upon between the Company and those related parties.

| | Consolidated | | Separate | | (Unit: Million Baht) |
|---|----------------------|-------------|----------------------|-------------|--|
| | financial statements | | financial statements | | Transfer |
| | <u>2018</u> | <u>2017</u> | <u>2018</u> | <u>2017</u> | pricing policy |
| <u>Transactions with subsidiaries</u> | | | | | |
| (eliminated from the consolidated financial statements) | | | | | |
| Service revenue | - | - | 6 | 4 | As agreed by parties |
| Interest income | - | - | 3 | 11 | Contract rate |
| Dividend revenue | - | - | 14 | 14 | As declared |
| Acquisition of equipment | - | - | - | 1 | As agreed by parties |
| <u>Transactions with related companies</u> | | | | | |
| Sales of electricity | 1,419 | 1,446 | 1,419 | 1,446 | Electricity rate charged by the Provincial Electricity Authority, deducted by certain discount |
| Sales of steam | 410 | 326 | 362 | 299 | Contract price |
| Fee paid for guarantee for minimum electricity demand | 5 | 5 | 5 | 5 | Contract price |

| (Unit: Million Baht) | | | | | |
|---|----------------------|-------------|----------------------|-------------|---|
| | Consolidated | | Separate | | Transfer |
| | financial statements | | financial statements | | pricing policy |
| | <u>2018</u> | <u>2017</u> | <u>2018</u> | <u>2017</u> | |
| Raw water and waste water treatment costs | 7 | 7 | 4 | 4 | Price charged to other customers in the normal course of business |
| Operation and service management fees | 102 | 97 | 102 | 97 | Contract price |
| Machinery lease fees | 45 | 71 | 45 | 71 | Contract price |
| Land rental expense | 2 | 3 | 2 | 3 | Contract price |
| Interest paid | 11 | 9 | 11 | 9 | Contract rate |
| Construction expense | 8 | 6 | - | - | Contract price |
| Security expense | 2 | 4 | - | 2 | Contract price |

The balances of the accounts as at 31 December 2018 and 2017 between the Company and those related companies are as follows:

| (Unit: Baht) | | | | |
|--|-----------------------------------|--------------------|-------------------------------|--------------------|
| | Consolidated financial statements | | Separate financial statements | |
| | <u>2018</u> | <u>2017</u> | <u>2018</u> | <u>2017</u> |
| <u>Trade and other receivables – related parties</u> (Note 8) | | | | |
| Subsidiaries | - | - | 4,326,560 | 6,251,556 |
| Related companies (related by common shareholders and directors) | 150,135,514 | 142,817,233 | 146,295,913 | 139,395,557 |
| Total | 150,135,514 | 142,817,233 | 150,622,473 | 145,647,113 |
| Less: Allowance for doubtful debts | - | - | (3,487,799) | (3,487,799) |
| Total trade and other receivables - related parties - net | <u>150,135,514</u> | <u>142,817,233</u> | <u>147,134,674</u> | <u>142,159,314</u> |
| <u>Other payables – related parties</u> (Note 18) | | | | |
| Related companies (related by common shareholders and directors) | <u>37,616,084</u> | <u>61,340,833</u> | <u>37,467,490</u> | <u>59,000,206</u> |

Short-term loans to related parties

As at 31 December 2018 and 2017, the balance of short-term loans between the Company and the related companies and the movement are as follows:

(Unit: Baht)

| | | Separate financial statements | | | |
|---|------------|-------------------------------|-----------------|-----------------|------------------|
| | | Balance as at | Increase | Decrease | Balance as at |
| Loans to related parties | Related by | 31 December 2017 | during the year | during the year | 31 December 2018 |
| Sahagreen Energy Co., Ltd. | Subsidiary | 30,000,000 | - | - | 30,000,000 |
| Sahacogen Green Co., Ltd. | Subsidiary | 280,000,000 | 20,000,000 | (300,000,000) | - |
| Total | | 310,000,000 | 20,000,000 | (300,000,000) | 30,000,000 |
| Less: Allowance for doubtful debts | | (30,000,000) | - | - | (30,000,000) |
| Total short-term loans to related parties - net | | 280,000,000 | 20,000,000 | (300,000,000) | - |

These short-term loans to subsidiaries carry interests at the rates of 3.51 percent per annum (2017: 3.82 - 4.11 percent per annum) and are repayable on demand and unsecured.

Long-term loan from related party

As at 31 December 2018 and 2017, the balance of long-term loan between the Company and the related company and the movement is as follows:

(Unit: Baht)

| | | Consolidated/Separate financial statements | | | |
|---------------------------------|--|--|-----------------|-----------------|------------------|
| | | Balance as at | Increase | Decrease | Balance as at |
| Loans from related party | Related by | 31 December 2017 | during the year | during the year | 31 December 2018 |
| Better Way (Thailand) Co., Ltd. | Related companies (related by common major shareholders and directors) | 320,000,000 | - | - | 320,000,000 |

The loan borrowed from Better Way (Thailand) Co., Ltd. of Baht 320 million carries interest at the rates of 3.00 - 5.00 percent per annum with monthly interest payment and is to be repaid within 5 years and unsecured.

Directors and management's benefits

During the years ended 31 December 2018 and 2017, the Company and its subsidiaries had employee benefit expenses payable to their directors and management as below.

| | (Unit: Baht) | |
|------------------------------|---|-------------------|
| | Consolidated/Separate financial statements | |
| | <u>2018</u> | <u>2017</u> |
| Short-term employee benefits | 27,514,093 | 21,988,897 |
| Post-employment benefits | 476,432 | 1,033,437 |
| Total | <u>27,990,525</u> | <u>23,022,334</u> |

Guarantee obligation with related party

The Company has outstanding guarantee obligation with its associate company as described in Note 29.13 to the financial statements.

7. Cash and cash equivalents

| | (Unit: Baht) | | | |
|---------------|----------------------|-------------------|----------------------|-------------------|
| | Consolidated | | Separate | |
| | financial statements | | financial statements | |
| | <u>2018</u> | <u>2017</u> | <u>2018</u> | <u>2017</u> |
| Cash | 241,754 | 299,467 | 23,051 | 22,994 |
| Bank deposits | 75,053,746 | 77,380,920 | 54,146,571 | 58,004,867 |
| Total | <u>75,295,500</u> | <u>77,680,387</u> | <u>54,169,622</u> | <u>58,027,861</u> |

As at 31 December 2018, bank deposits in saving accounts carried interests between 0.10 to 1.25 percent per annum (2017: 0.50 to 1.25 percent per annum).

8. Trade and other receivables

(Unit: Baht)

| | Consolidated financial statements | | Separate financial statements | |
|--|--------------------------------------|--------------------|----------------------------------|--------------------|
| | <u>2018</u> | <u>2017</u> | <u>2018</u> | <u>2017</u> |
| Trade receivables - related parties (Note 6) | 150,132,306 | 142,813,942 | 146,292,705 | 139,392,266 |
| Trade receivables - unrelated parties | 430,879,142 | 395,774,277 | 342,828,651 | 303,350,550 |
| Other receivables - related parties (Note 6) | 3,208 | 3,291 | 4,329,768 | 6,254,847 |
| Other receivables - unrelated parties | 208,220 | 597,418 | - | - |
| Accrued income | 12,081,364 | 18,900,000 | 12,081,364 | 18,900,000 |
| Total | 593,304,240 | 558,088,928 | 505,532,488 | 467,897,663 |
| Less: Allowance for doubtful debts (Note 6) | - | - | (3,487,799) | (3,487,799) |
| Total trade and other receivables - net | <u>593,304,240</u> | <u>558,088,928</u> | <u>502,044,689</u> | <u>464,409,864</u> |

As at 31 December 2018 and 2017, the outstanding balances of trade accounts receivable are not yet due.

9. Inventories

(Unit: Baht)

| | Consolidated financial statements | | | | | |
|-------------------------------------|-----------------------------------|--------------------|--|--------------------|--------------------|--------------------|
| | Cost | | Reduce cost to net realisable value | | Inventories-net | |
| | <u>2018</u> | <u>2017</u> | <u>2018</u> | <u>2017</u> | <u>2018</u> | <u>2017</u> |
| Raw materials | 78,669,253 | 57,609,781 | - | - | 78,669,253 | 57,609,781 |
| Spare parts and factory supplies | 186,776,235 | 193,464,581 | (12,878,783) | (7,299,264) | 173,897,452 | 186,165,317 |
| Total | <u>265,445,488</u> | <u>251,074,362</u> | <u>(12,878,783)</u> | <u>(7,299,264)</u> | <u>252,566,705</u> | <u>243,775,098</u> |

(Unit: Baht)

| | Separate financial statements | | | | | |
|-------------------------------------|-------------------------------|-------------|--|-------------|-----------------|-------------|
| | Cost | | Reduce cost to net realisable value | | Inventories-net | |
| | <u>2018</u> | <u>2017</u> | <u>2018</u> | <u>2017</u> | <u>2018</u> | <u>2017</u> |
| Spare parts and factory supplies | 133,877,766 | 142,051,698 | (11,626,638) | (6,047,119) | 122,251,128 | 136,004,579 |

During the current year, the Company and subsidiary companies reduced cost of inventories by Baht 6 million (2017: Baht 6 million) (The Company only: Baht 6 million, 2017: 6 million). This was included in cost of sales.

In 2017, the subsidiary companies reversed the write-down of cost of inventories by Baht 3 million and reduced the amount of inventories recognised as expenses during the year.

10. ~~Non-current assets held for sale~~

Book value of the non-current assets held for sale as at 31 December 2018 and 2017 are as follows:

| | (Unit: Baht) | |
|---|-----------------------------------|---------------|
| | Consolidated financial statements | |
| | <u>2018</u> | <u>2017</u> |
| Cost | 143,745,714 | 144,723,180 |
| <u>Less</u> Accumulated depreciation | (25,450,800) | (25,695,196) |
| <u>Less</u> Allowance for impairment loss on assets | (118,294,914) | (119,027,984) |
| Net book value | - | - |

Movements of the non-current assets held for sale account during the year ended 31 December 2018 and 2017 were summarised below.

| | (Unit: Baht) | |
|---|-----------------------------------|-------------|
| | Consolidated financial statements | |
| | <u>2018</u> | <u>2017</u> |
| Net book value as at 1 January | - | - |
| Disposal | (733,070) | (1,418,499) |
| Reversal (loss) on diminution in value of non-current assets held for sale | 733,070 | 1,418,499 |
| Net book value as at 31 December | - | - |

In 2016, the Board of Directors Meeting of Sahagreen Energy Company Limited (a subsidiary) passed a resolution approving the cessation of wood pellet production at the Kabinburi facilities that ceased its production since 2015. The management of the subsidiary reclassified the assets from buildings and equipment to non-current assets held for sales and recorded an allowance for diminution in value of such assets in full in 2016 as they considered that the assets have not been sold.

During the year 2018, Sahagreen Energy Company Limited (a subsidiary) sold Baht 0.7 million (2017: Baht 1.4 million) of non-current assets held for sale to the Company and a related company and therefore reversed loss on diminution in value of non-current assets held for sale of Baht 0.7 million (2017: Baht 1.4 million) in the profit or loss of the year.

11. Investments in subsidiaries

Details of investments in subsidiaries as presented in separate financial statements are as follows:

| Company's name | Paid-up capital | | Shareholding percentage | | Cost | |
|--|-----------------|--------------|-------------------------|-------------|----------------------|----------------------|
| | <u>2018</u> | <u>2017</u> | <u>2018</u> | <u>2017</u> | <u>2018</u> | <u>2017</u> |
| | Million Baht | Million Baht | % | % | Baht | Baht |
| Subsidiaries directly held by the Company | | | | | | |
| Sahacogen Green | | | | | | |
| Company Limited | 1,520 | 1,520 | 100 | 100 | 1,519,999,930 | 1,519,999,930 |
| Sahagreen Forest | | | | | | |
| Company Limited | 190 | 190 | 75 | 75 | 142,499,970 | 142,499,970 |
| Subsidiary held through Sahacogen Green Company Limited | | | | | | |
| Sahagreen Energy | | | | | | |
| Company Limited | 40 | 40 | 100 | 100 | - | - |
| Total | | | | | <u>1,662,499,900</u> | <u>1,662,499,900</u> |

During 2018 the Company received dividend from Sahagreen Forest Company Limited amounting to Baht 14 million. (2017: 15 million)

12. Investment in associate

12.1 Detail of associate

| (Unit: Baht) | | | | | | | | |
|-------------------------|--|-----------------------------|-------------------------|-------------|-----------------------------------|-------------|-------------|-------------|
| Company's name | Nature of business | Country of incorporation | Shareholding percentage | | Consolidated financial statements | | | |
| | | | | | Carrying amounts based | | | |
| | | | Cost | | on equity method | | | |
| | | | <u>2018</u> | <u>2017</u> | <u>2018</u> | <u>2017</u> | <u>2018</u> | <u>2017</u> |
| | | | (%) | (%) | | | | |
| Impact Solar Limited | Production and supply of solar rooftop systems | Thailand | 21 | - | 90,930,000 | - | 91,120,115 | - |
| Total | | | | | 90,930,000 | - | 91,120,115 | - |

(Unit: Baht)

| Company's name | Nature of business | Country of incorporation | Shareholding percentage | | Separate financial statements | | | | | |
|----------------------|--|-----------------------------|-------------------------|-----|-------------------------------|------|--|------|--|------|
| | | | | | Cost | | Allowance for impairment of investments | | Carrying amounts based on cost method - net | |
| | | | | | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| | | | (%) | (%) | | | | | | |
| Impact Solar Limited | Production and supply of solar rooftop systems | Thailand | 21 | - | 90,930,000 | - | - | - | 90,930,000 | - |
| Total | | | | | 90,930,000 | - | - | - | 90,930,000 | - |

12.2 Share of comprehensive income

During the year, the Company recognised its share of profit from investment in associate company in the consolidated financial statements amounting to Baht 0.2 million.

Investment in Impact Solar Limited

On 17 July 2018, the Company's Board of Directors Meeting passed a resolution approving an investment in 9.1 million additional shares of Impact Solar Limited with a par value of Baht 10, amounting to Baht 91 million. The Company holds a 21 percent interest in the ordinary share capital of this company. On 20 July 2018, the Company made the payment of Baht 91 million for these additional shares to Impact Solar Limited.

The fair values of the identified assets and liabilities of Impact Solar Limited as at the investment date were as follows:

(Unit: Thousand Baht)

| | |
|---------------------------|---------|
| Cash and cash equivalents | 259,333 |
| Trade receivables | 138 |
| Inventories | 32 |
| Other current assets | 17,883 |
| Equipment - net | 569,344 |
| Other non-current assets | 371 |
| Total assets | 847,101 |
| Trade and other payables | 59,088 |
| Short-term loans | 115,000 |
| Deferred revenue | 21,657 |
| Retention | 25,640 |
| Other current liabilities | 156 |
| Long-term loans | 220,940 |
| Total liabilities | 442,481 |
| Total net assets | 404,620 |

| | (Unit: Thousand Baht) |
|---|-----------------------|
| Net assets in the portion held by the Company (21%) | 84,970 |
| Cash paid for investment in associate - at cost | 90,930 |
| Intangible asset | 5,960 |

The intangible asset acquired from the investment in an associated company is the associate's rights in contracts to produce and distribute electricity generated from renewable energy sources. The Company amortises the rights over the durations of the contracts, which are approximately 20 years.

13. ~~Other long-term investments - available-for-sale securities~~

| | (Unit: Baht) | |
|---|--|-------------|
| | Consolidated/ Separate financial statements | |
| | <u>2018</u> | <u>2017</u> |
| Cost | 10,900,000 | 10,900,000 |
| Fair value | 10,680,000 | 10,050,000 |
| Loss on changes in value of investments | (220,000) | (850,000) |
| Deferred tax assets (Note 23) | 44,000 | 170,000 |
| Other component of shareholders' equity - loss on changes in value of available-for-sale investments | (176,000) | (680,000) |

14. Property, plant and equipment

| | Consolidated financial statements | | | | | | | | (Unit: Baht) |
|--|-----------------------------------|---------------|-------------------------|--|---------------------|--------------------------------|----------------|--------------------------|---------------|
| | Land | Power plant | Power plant improvement | Buildings and the improvements of land and buildings | Tools and equipment | Furniture and office equipment | Motor vehicles | Construction in progress | Total |
| Cost | | | | | | | | | |
| 1 January 2017 | 626,820,499 | 6,521,991,522 | 738,574,734 | 236,381,184 | 199,545,640 | 63,253,086 | 19,599,526 | 787,278,321 | 9,193,444,512 |
| Acquisition | 6,383,744 | 67,034,443 | 238,659,838 | 10,514,845 | 12,513,449 | 4,963,435 | 4,020,205 | 500,437,257 | 844,527,216 |
| Disposals/write-offs | (493,407) | (5,888,959) | (351,893,418) | (487,427) | (1,112,646) | (856,161) | (3,810,370) | - | (364,542,388) |
| Transfer in (out) | - | 1,175,004,819 | 68,562,657 | 745,884 | 581,717 | - | - | (1,244,895,077) | - |
| 31 December 2017 | 632,710,836 | 7,758,141,825 | 693,903,811 | 247,154,486 | 211,528,160 | 67,360,360 | 19,809,361 | 42,820,501 | 9,673,429,340 |
| Accumulated depreciation | | | | | | | | | |
| 1 January 2017 | - | 2,770,149,690 | 422,463,931 | 70,759,466 | 105,873,268 | 55,056,449 | 11,908,847 | - | 3,436,211,651 |
| Depreciation for the year | - | 258,022,837 | 147,172,739 | 9,535,787 | 16,621,783 | 4,239,925 | 1,771,635 | - | 437,364,706 |
| Depreciation on disposals/write-offs | - | (2,187,070) | (351,893,415) | (22,740) | (673,767) | (821,297) | (1,836,448) | - | (357,434,737) |
| 31 December 2017 | - | 3,025,985,457 | 217,743,255 | 80,272,513 | 121,821,284 | 58,475,077 | 11,844,034 | - | 3,516,141,620 |
| Balance for impairment loss | | | | | | | | | |
| 1 January 2017 | - | - | - | 130,662 | 3,943,978 | - | 2,426,812 | - | 6,501,452 |
| Increase during the year | - | 5,000,000 | - | - | 699,149 | - | - | - | 5,699,149 |
| Decrease during the year | - | - | - | - | - | - | (959,812) | - | (959,812) |
| 31 December 2017 | - | 5,000,000 | - | 130,662 | 4,643,127 | - | 1,467,000 | - | 11,240,789 |
| Net book value | | | | | | | | | |
| 31 December 2016 | 626,820,499 | 3,751,841,832 | 316,110,803 | 165,491,056 | 89,728,394 | 8,196,637 | 5,263,867 | 787,278,321 | 5,750,731,409 |
| 31 December 2017 | 632,710,836 | 4,727,156,368 | 476,160,556 | 166,751,311 | 85,063,749 | 8,885,283 | 6,498,327 | 42,820,501 | 6,146,046,931 |
| Depreciation for the year | | | | | | | | | |
| 2016 (Baht 391 million included in manufacturing cost, and the balance in administrative expenses) | | | | | | | | | 407,202,114 |
| 2017 (Baht 428 million included in manufacturing cost, and the balance in administrative expenses) | | | | | | | | | 437,364,706 |

| | Consolidated financial statements | | | | | | | | (Unit: Baht) |
|--|-----------------------------------|---------------|-------------------------|--|---------------------|--------------------------------|----------------|--------------------------|---------------|
| | Land | Power plant | Power plant improvement | Buildings and the improvements of land and buildings | Tools and equipment | Furniture and office equipment | Motor vehicles | Construction in progress | |
| Cost | | | | | | | | | |
| 1 January 2018 | 632,710,836 | 7,758,141,825 | 693,903,811 | 247,154,486 | 211,528,160 | 67,360,360 | 19,809,361 | 42,820,501 | 9,673,429,340 |
| Acquisition | 421,600 | 149,853,186 | 145,246 | 14,232,410 | 12,268,192 | 2,553,460 | 3,263,600 | 27,488,967 | 210,226,661 |
| Disposals/write-offs | - | (14,580,636) | (38,071,029) | (194,175) | (3,042,158) | (9,474,695) | (4,116,592) | (2,078,221) | (71,557,506) |
| Transfer in (out) | 381,600 | 6,050,540 | 46,064,346 | 6,536,506 | 3,306,807 | 483,000 | - | (62,822,799) | - |
| 31 December 2018 | 633,514,036 | 7,899,464,915 | 702,042,374 | 267,729,227 | 224,061,001 | 60,922,125 | 18,956,369 | 5,408,448 | 9,812,098,495 |
| Accumulated depreciation | | | | | | | | | |
| 1 January 2018 | - | 3,025,985,457 | 217,743,255 | 80,272,513 | 121,821,284 | 58,475,077 | 11,844,034 | - | 3,516,141,620 |
| Depreciation for the year | - | 300,845,670 | 169,106,810 | 10,609,803 | 17,016,648 | 4,212,474 | 1,573,615 | - | 503,365,020 |
| Depreciation on disposals/write-offs | - | (8,131,785) | (38,071,027) | (35,742) | (2,403,156) | (9,416,349) | (3,557,291) | - | (61,615,350) |
| 31 December 2018 | - | 3,318,699,342 | 348,779,038 | 90,846,574 | 136,434,776 | 53,271,202 | 9,860,358 | - | 3,957,891,290 |
| Allowance for impairment loss | | | | | | | | | |
| 1 January 2017 | - | 5,000,000 | - | 130,662 | 4,643,127 | - | 1,467,000 | - | 11,240,789 |
| Increase during the year | - | - | - | - | 2,317,193 | - | - | - | 2,317,193 |
| Decrease during the year | - | (5,000,000) | - | (130,662) | (165,734) | - | - | - | (5,296,396) |
| 31 December 2018 | - | - | - | - | 6,794,586 | - | 1,467,000 | - | 8,261,586 |
| Netbook value | | | | | | | | | |
| 31 December 2017 | 632,710,836 | 4,727,156,368 | 476,160,556 | 166,751,311 | 85,063,749 | 8,885,283 | 6,498,327 | 42,820,501 | 6,146,046,931 |
| 31 December 2018 | 633,514,036 | 4,580,765,573 | 353,263,336 | 176,882,653 | 80,831,639 | 7,650,923 | 7,629,011 | 5,408,448 | 5,845,945,619 |
| Depreciation for the year | | | | | | | | | |
| 2017 (Baht 428 million included in manufacturing cost, and the balance in administrative expenses) | | | | | | | | | 437,364,706 |
| 2018 (Baht 492 million included in manufacturing cost, and the balance in administrative expenses) | | | | | | | | | 503,365,020 |

(Unit: Baht)

(Unit: Baht)

| Separate financial statements | | | | | | | | | |
|--|-------------|---------------|-------------------------|--|---------------------|--------------------------------|----------------|--------------------------|---------------|
| | Land | Power plant | Power plant improvement | Buildings and the improvements of land and buildings | Tools and equipment | Furniture and office equipment | Motor vehicles | Construction in progress | Total |
| Cost | | | | | | | | | |
| 1 January 2018 | 142,501,472 | 6,380,262,184 | 693,903,811 | 67,625,872 | 48,502,677 | 46,056,778 | 16,019,557 | 28,134,608 | 7,423,006,959 |
| Acquisition | - | 111,736,124 | 145,246 | 25,750 | 3,294,513 | 1,399,795 | 3,253,000 | 26,604,499 | 146,458,927 |
| Disposals/write-offs | - | (9,580,636) | (38,071,029) | - | (155,105) | (4,764,801) | (2,563,684) | (2,078,221) | (57,213,476) |
| Transfer in (out) | - | 6,016,540 | 46,064,346 | - | - | - | - | (52,080,886) | - |
| 31 December 2018 | 142,501,472 | 6,488,434,212 | 702,042,374 | 67,651,622 | 51,642,085 | 42,691,772 | 16,708,873 | 580,000 | 7,512,252,410 |
| Accumulated depreciation | | | | | | | | | |
| 1 January 2018 | - | 2,686,515,105 | 217,743,255 | 41,028,847 | 44,023,254 | 40,134,428 | 8,574,506 | - | 3,038,019,395 |
| Depreciation for the year | - | 244,185,327 | 169,106,810 | 2,247,734 | 1,862,826 | 2,736,279 | 1,436,117 | - | 421,575,093 |
| Depreciation on disposals/write-offs | - | (3,131,786) | (38,071,027) | - | (135,787) | (4,749,658) | (2,004,385) | - | (48,092,643) |
| 31 December 2018 | - | 2,927,568,646 | 348,779,038 | 43,276,581 | 45,750,293 | 38,121,049 | 8,006,238 | - | 3,411,501,845 |
| Allowance for impairment loss | | | | | | | | | |
| 1 January 2017 | - | 5,000,000 | - | - | - | - | 1,467,000 | - | 6,467,000 |
| Decrease during the year | - | (5,000,000) | - | - | - | - | - | - | (5,000,000) |
| 31 December 2018 | - | - | - | - | - | - | 1,467,000 | - | 1,467,000 |
| Netbook value | | | | | | | | | |
| 31 December 2017 | 142,501,472 | 3,688,747,079 | 476,160,556 | 26,597,025 | 4,479,423 | 5,922,350 | 5,978,051 | 28,134,608 | 4,378,520,564 |
| 31 December 2018 | 142,501,472 | 3,560,865,566 | 353,263,336 | 24,375,041 | 5,891,792 | 4,570,723 | 7,235,635 | 580,000 | 4,099,283,565 |
| Depreciation for the year | | | | | | | | | |
| 2017 (Baht 351 million included in manufacturing cost, and the balance in administrative expenses) | | | | | | | | | 357,405,796 |
| 2018 (Baht 415 million included in manufacturing cost, and the balance in administrative expenses) | | | | | | | | | 421,575,093 |

- 14.1 As at 31 December 2018, certain items of 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 210 million (2017: Baht 148 million) (The Company only: Baht 166 million, 2017: Baht 97 million).
- 14.2 Sahagreen Forest Company Limited (a subsidiary) has mortgaged its land with structures thereon and mortgaged its machines with net book value totaling of approximately Baht 429 million (2017: Baht 451 million) as collateral against credit facilities received from a financial institution.
- 14.3 During the year 2017, the Company was finished the third phase of expansion of the co-generation power plant project. As at 31 December 2017, the gross carrying amount (before deducting accumulated depreciation) of the third phase of expansion of the co-generation power plant project amounted to approximately Baht 1,228 million. The power plant has been financed with loans from financial institutions. Borrowing costs amounting to Baht 28 million were capitalised during the year ended 31 December 2017. The weighted average rate of 3% has been used to determine the amount of borrowing costs eligible for capitalization.
- 14.4 During the year 2017, a meeting of the Board of Directors of the Company passed a resolution approving a plan to demolish electricity and steam transmission lines because a customer of the Company was expanding its plant and the Company therefore needs to remove these assets and rebuild them. The Company recorded allowance for impairment loss on these assets based on their net book value of approximately Baht 5 million in profit or loss for the year.
15. Biological assets

| | (Unit: Baht) | |
|--|-----------------------------------|-------------------|
| | Consolidated financial statements | |
| | <u>2018</u> | <u>2017</u> |
| Balance as at 1 January | 49,353,216 | 51,075,109 |
| Gains (loss) arising from changes in fair value less costs | | |
| to sell | (6,727,704) | 655,375 |
| Increase due to cost of planting | 4,127,137 | 4,553,681 |
| Decrease due to harvest | (4,224,735) | (5,798,282) |
| Write-offs | (335,292) | (1,132,667) |
| Allowance for impairment loss | (2,550,001) | - |
| Balance as at 31 December | <u>39,642,621</u> | <u>49,353,216</u> |

16. Intangible assets

The net book value of intangible assets as at 31 December 2018 and 2017 is presented below.

| | (Unit: Baht) | |
|--------------------------------------|----------------------|----------------------|
| | Consolidated | Separate |
| | financial statements | financial statements |
| | Computer software | Computer software |
| As at 31 December 2018 | | |
| Cost | 24,569,131 | 19,372,842 |
| <u>Less</u> Accumulated amortisation | (14,740,132) | (12,113,643) |
| Net book value | 9,828,999 | 7,259,199 |
| As at 31 December 2017 | | |
| Cost | 24,222,931 | 19,320,842 |
| <u>Less</u> Accumulated amortisation | (12,486,495) | (10,252,580) |
| Net book value | 11,736,436 | 9,068,262 |

A reconciliation of the net book value of intangible assets for the years 2018 and 2017 is presented below.

| | (Unit: Baht) | | | |
|-------------------------------------|----------------------|-------------|----------------------|-------------|
| | Consolidated | | Separate | |
| | financial statements | | financial statements | |
| | 2018 | 2017 | 2018 | 2017 |
| Net book value at beginning of year | 11,736,436 | 14,027,610 | 9,068,262 | 11,040,668 |
| Acquisition of computer software | 371,200 | 158,629 | 52,000 | 63,329 |
| Amortisation | (2,278,636) | (2,449,803) | (1,861,063) | (2,035,735) |
| Written-off during year | (1) | - | - | - |
| Net book value at end of year | 9,828,999 | 11,736,436 | 7,259,199 | 9,068,262 |

17. Short-term loans from financial institutions

| | | (Unit: Baht) | | | |
|--|---------------|----------------------|-------------|----------------------|-------------|
| | Interest rate | Consolidated | | Separate | |
| | (percent | financial statements | | financial statements | |
| | per annum) | 2018 | 2017 | 2018 | 2017 |
| Short-term loans from financial institutions | 2.30 - 3.80 | 606,000,000 | 209,000,000 | 260,000,000 | 160,000,000 |
| Total | | 606,000,000 | 209,000,000 | 260,000,000 | 160,000,000 |

The short-term loans from financial institutions are unsecured, except for short-term loan of a subsidiary which is secured by the mortgage of the subsidiary's land with structures thereon and mortgage of its machines.

As at 31 December 2018, the short-term credit facilities of the Company and its subsidiaries which have not yet been drawn down amounted to Baht 1,679 million.

18. Trade and other payables

| | (Unit: Baht) | | | |
|---|----------------------|--------------------|----------------------|--------------------|
| | Consolidated | | Separate | |
| | financial statements | | financial statements | |
| | <u>2018</u> | <u>2017</u> | <u>2018</u> | <u>2017</u> |
| Trade payables - unrelated parties | 450,013,166 | 374,151,443 | 440,145,104 | 364,402,589 |
| Other payables - related parties (Note 6) | 37,616,084 | 61,340,833 | 37,367,490 | 59,000,206 |
| Other payables - unrelated parties | 11,481,259 | 45,867,004 | 6,221,271 | 36,095,194 |
| Construction and retention payables | 1,709,500 | 3,592,725 | 100,000 | 3,162,225 |
| Total trade and other payables | <u>500,820,009</u> | <u>484,952,005</u> | <u>483,833,865</u> | <u>462,660,214</u> |

19. Long-term loans

| (Unit: Baht) | | | | | | |
|--------------|--|--|----------------------|-------------|----------------------|-------------|
| Loans | Interest rate (%) | Repayment conditions | Consolidated | | Separate | |
| | | | financial statements | | financial statements | |
| | | | <u>2018</u> | <u>2017</u> | <u>2018</u> | <u>2017</u> |
| 1 | 4.38% per annum | semi-annual installments from December 2003 to June 2021 | 138,350,000 | 178,350,000 | 138,350,000 | 178,350,000 |
| 2 | 4.38% per annum | semi-annual installments from June 2006 to December 2021 | 241,200,000 | 303,200,000 | 241,200,000 | 303,200,000 |
| 3 | 4.38% per annum | semi-annual installments from June 2011 to December 2020 | - | 240,000,000 | - | 240,000,000 |
| 4 | 4.45% per annum from May 2011 until April 2014, and MLR minus 2.00% per annum from May 2014 until the final maturity date of the agreement | semi-annual installments from June 2011 to December 2020 | - | 533,550,000 | - | 533,550,000 |

| (Unit: Baht) | | | | | | |
|--|--|--|----------------------|---------------|----------------------|---------------|
| Loans | Interest rate (%) | Repayment conditions | Consolidated | | Separate | |
| | | | financial statements | | financial statements | |
| | | | 2018 | 2017 | 2018 | 2017 |
| 5 | 3.25% per annum from March 2016 until December 2017, and thereafter 4.50% per annum from January 2018 until the final maturity date of the agreement | semi-annual installments from June 2018 to December 2024 | 765,400,000 | 860,000,000 | 765,400,000 | 860,000,000 |
| 6 | 3.90% per annum | semi-annual installments from June 2017 to December 2021 | 300,000,000 | 400,000,000 | 300,000,000 | 400,000,000 |
| 7 | 4.35% per annum | semi-annual installments from June 2017 to December 2022 | 466,400,000 | 583,200,000 | 466,400,000 | 583,200,000 |
| 8 | 3.75% per annum | semi-annual installments from June 2019 to December 2024 | 644,550,000 | - | 644,550,000 | - |
| 9 | 4.58% per annum from November 2016 until October 2019, and MLR minus 1.60% per annum from November 2019 until the final maturity date of the agreement | semi-annual installments from June 2017 to June 2023 | 233,050,000 | 281,602,000 | - | - |
| Total | | | 2,788,950,000 | 3,379,902,000 | 2,555,900,000 | 3,098,300,000 |
| Less: Current portion of long-term loans | | | (542,088,000) | (719,952,000) | (490,300,000) | (671,400,000) |
| Long-term loans - net of current portion | | | 2,246,862,000 | 2,659,950,000 | 2,065,600,000 | 2,426,900,000 |

Movement of the long-term loan account during the year ended 31 December 2018 are summarised below:

| (Unit: Thousand Baht) | | |
|--------------------------------|----------------------|----------------------|
| | Consolidated | Separate |
| | financial statements | financial statements |
| Balance as at 1 January 2018 | 3,379,902 | 3,098,300 |
| Add: Additional borrowings | 644,550 | 644,550 |
| Less: Repayment | (1,235,502) | (1,186,950) |
| Balance as at 31 December 2018 | 2,788,950 | 2,555,900 |

Under the credit facility agreements of the loans No. 5 and 6 with a branch of a foreign financial institution in Thailand, if the Company breaches the conditions of the agreements or terminates the agreements early, the Company might have to indemnify the branch of the foreign financial institution.

The loan agreements contain covenants as specified in the agreements that, among other things, require the Company and its subsidiaries to comply with covenants pertaining to, among other things, the maintenance of certain financial ratios and the payment of dividends, the proportion of shareholding of a shareholder not less than the ratio specified in the agreement, the restrictions on the creation of lien or encumbrances over assets of the Company and its subsidiaries.

The credit facilities of a subsidiary are secured by the mortgage of the subsidiary's land with structures thereon and machines.

20. Provision for long-term employee benefits

Provision for long-term employee benefits, which represents compensation payable to employees after they retire, was as follows:

| | (Unit: Baht) | | | |
|---|----------------------|------------|----------------------|------------|
| | Consolidated | | Separate | |
| | financial statements | | financial statements | |
| | 2018 | 2017 | 2018 | 2017 |
| Provisions for long-term employee benefits at beginning of year | 14,513,027 | 12,514,747 | 12,411,297 | 10,755,307 |
| Included in profit or loss: | | | | |
| Current service cost | 3,059,541 | 1,732,689 | 2,217,888 | 1,447,400 |
| Interest cost | 532,522 | 265,591 | 380,536 | 208,590 |
| Included in other comprehensive income: | | | | |
| Actuarial (gain) loss arising from | | | | |
| Demographic assumptions changes | 9,292,901 | - | 6,096,783 | - |
| Financial assumptions changes | (1,288,263) | - | (868,230) | - |
| Experience adjustments | (208,351) | - | (479,906) | - |
| Provisions for long-term employee benefits at end of year | 25,901,377 | 14,513,027 | 19,758,368 | 12,411,297 |

Line items in profit or loss under which long-term employee benefit expenses are recognised are as follows:

| | (Unit: Baht) | | | |
|--|----------------------|------------------|----------------------|------------------|
| | Consolidated | | Separate | |
| | financial statements | | financial statements | |
| | 2018 | 2017 | 2018 | 2017 |
| Cost of sales | 1,102,504 | 407,551 | 697,144 | 205,262 |
| Administrative expenses | 2,489,559 | 1,590,729 | 1,901,280 | 1,450,728 |
| Total expense recognised in profit or loss | <u>3,592,063</u> | <u>1,998,280</u> | <u>2,598,424</u> | <u>1,655,990</u> |

The Company and its subsidiaries expect to not pay of long-term employee benefits during the next year (2017: Nil).

As at 31 December 2018, the weighted average duration of the liabilities for long-term employee benefit is 12, 16 and 20 years (separate financial statements: 12 years) (2017: 10, 15 and 20 years, separate financial statements: 10 years).

Significant actuarial assumptions are summarised below:

| | (Unit: Percent per annum) | |
|----------------------|---------------------------|------------|
| | Consolidated/ Separate | |
| | financial statements | |
| | 2018 | 2017 |
| Discount rate | 2.2 - 3.0 | 1.7 - 2.8 |
| Salary increase rate | 6.6 | 6.6 |
| Turnover rate | 0.0 - 12.0 | 0.0 - 12.0 |

The results of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 December 2018 and 2017 are summarised below:

| | (Unit: Baht) | | | |
|----------------------|------------------------|-------------|----------------------|-------------|
| | As at 31 December 2018 | | | |
| | Consolidated | | Separate | |
| | financial statements | | financial statements | |
| | Increase 1% | Decrease 1% | Increase 1% | Decrease 1% |
| Discount rate | (2,275,903) | 2,647,665 | (1,387,361) | 1,579,050 |
| Salary increase rate | 2,546,730 | (2,237,390) | 1,551,077 | (1,392,445) |
| Turnover rate | (2,571,886) | 2,060,421 | (1,583,215) | 1,120,429 |

(Unit: Baht)

As at 31 December 2017

| | Consolidated | | Separate | |
|----------------------|----------------------|--------------------|----------------------|--------------------|
| | financial statements | | financial statements | |
| | <u>Increase 1%</u> | <u>Decrease 1%</u> | <u>Increase 1%</u> | <u>Decrease 1%</u> |
| Discount rate | (1,167,672) | 1,337,576 | (866,960) | 976,441 |
| Salary increase rate | 1,389,470 | (1,236,349) | 1,024,068 | (926,366) |
| Turnover rate | (1,191,803) | 1,396,409 | (830,176) | 955,972 |

On 13 December 2018, The National Legislative Assembly passed a resolution approving the draft of a new Labour Protection Act, which is in the process being published in the Royal Gazette. The new Labour Protection Act stipulates additional legal severance pay rates for employees who have worked for an uninterrupted period of twenty years or more. Such employees are entitled to receive not less than 400 days' compensation at the latest wage rate. This change is considered a post-employment benefits plan amendment and the Company and its subsidiaries have additional liabilities for long-term employee benefits of Baht 1.3 million (the Company only: Baht 0.7 million). The Company and its subsidiaries will reflect the effect of the change by recognising past services costs as expenses in the income statement of the period in which the law is effective.

21. Statutory reserve

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside to a statutory reserve at least 5 percent of its net income after deducting accumulated deficit brought forward (if any), until the reserve reaches 10 percent of the registered capital. The statutory reserve is not available for dividend distribution. At present, the statutory reserve has fully been set aside.

22. Expenses by nature

Significant expenses classified by nature are as follows:

| | (Unit: Baht) | | | |
|---------------------------------------|----------------------|---------------|----------------------|---------------|
| | Consolidated | | Separate | |
| | financial statements | | financial statements | |
| | <u>2018</u> | <u>2017</u> | <u>2018</u> | <u>2017</u> |
| Fuel and energy costs | 2,638,561,735 | 2,399,740,857 | 2,458,160,412 | 2,214,204,708 |
| Depreciation | 503,365,020 | 437,364,706 | 421,575,093 | 357,405,796 |
| Plant maintenance and repairing costs | 115,402,938 | 127,073,007 | 98,120,742 | 110,834,072 |
| Operation services of the power plant | 102,200,186 | 97,002,226 | 102,200,186 | 97,002,226 |
| Rental expenses | 51,806,009 | 77,373,181 | 49,478,371 | 75,308,209 |
| Salaries and other employee benefits | 127,388,355 | 115,715,535 | 56,854,029 | 55,846,679 |
| Insurance expenses | 50,773,305 | 49,914,949 | 42,623,892 | 41,461,323 |

23. Income tax

Income tax expenses for the years ended 31 December 2018 and 2017 are made up as follows:

| | (Unit: Baht) | |
|--|-----------------------|-------------------|
| | Consolidated/Separate | |
| | financial statements | |
| | <u>2018</u> | <u>2017</u> |
| Current income tax: | | |
| Current income tax charge | 9,437,255 | 63,834,763 |
| Adjustment in respect of income tax of previous year | (2,314,708) | - |
| Deferred tax: | | |
| Relating to origination and reversal of temporary differences | (635,647) | 1,048,006 |
| Income tax expense reported in the statement of comprehensive income | <u>6,486,900</u> | <u>64,882,769</u> |

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2018 and 2017 are as follows:

| | (Unit: Baht) | |
|--|---|----------------|
| | Consolidated/Separate financial statements | |
| | <u>2018</u> | <u>2017</u> |
| Deferred tax on gain from the change in value of available-for-sale investments | 126,000 | 170,000 |
| Deferred tax on actuarial loss | (949,730) | - |
| | <u>(823,730)</u> | <u>170,000</u> |

The reconciliation between accounting profit and income tax expenses is shown below.

| | (Unit: Baht) | | | |
|--|--------------------------------------|---------------------|----------------------------------|--------------------|
| | Consolidated financial statements | | Separate financial statements | |
| | <u>2018</u> | <u>2017</u> | <u>2018</u> | <u>2017</u> |
| Accounting profit before tax | 231,378,454 | 373,017,152 | 201,811,949 | 345,286,697 |
| Applicable tax rate | 20% | 20% | 20% | 20% |
| Accounting profit before tax multiplied by income tax rate | 46,275,691 | 74,603,430 | 40,362,389 | 69,057,339 |
| Adjustment in respect of income tax of previous year | (2,314,708) | - | (2,314,708) | - |
| Deferred tax assets (liabilities) which were not recognised during the year | 3,422,864 | 3,495,141 | (339,379) | 816,936 |
| Effects of: | | | | |
| Promotional privileges (Note 24) | (42,543,845) | (17,439,558) | (28,888,348) | (4,977,450) |
| Income/expenses which are disallowable for tax computation purposes | 1,707,980 | 4,298,936 | 584,945 | 2,905,943 |
| Additional income/expenses which are allowable for deductions | - | (3,402) | (2,917,999) | (2,919,999) |
| Tax loss of prior years that is used to reduce tax expenses | (61,082) | (71,778) | - | - |
| Total | <u>(40,896,947)</u> | <u>(13,215,802)</u> | <u>(31,221,402)</u> | <u>(4,991,506)</u> |
| Income tax expenses reported in the statement of comprehensive income | <u>6,486,900</u> | <u>64,882,769</u> | <u>6,486,900</u> | <u>64,882,769</u> |

The components of deferred tax assets are as follows:

| | (Unit: Baht) | |
|--|---|-------------------|
| | Statements of financial position | |
| | Consolidated/Separate financial statements | |
| | <u>2018</u> | <u>2017</u> |
| Provision for long-term employee benefits | 3,951,674 | 2,482,259 |
| Accumulated depreciation of assets | 18,960,239 | 18,844,277 |
| Unrealised loss on re-measuring available-for-sale investments | 44,000 | 170,000 |
| Total | <u>22,955,913</u> | <u>21,496,536</u> |

As at 31 December 2018, the subsidiaries has tax deductible temporary differences and unused tax losses totaling Baht 566 million (2017: Baht 543 million), on which deferred tax assets have not been recognised as the subsidiaries believes future taxable profits may not be sufficient to allow utilisation of the tax deductible temporary differences and unused tax losses.

As at 31 December 2018, the unused tax losses amounting to Baht 207 million (2017: Baht 187 million) will expired by the year 2023.

24. Promotional privileges

The Company has received promotional privileges from the Board of Investment for the generation of electricity from natural gas, and steam, pursuant to the promotion certificate No. 1308(2)/2558. Subject to certain imposed condition, the privileges include an exemption from corporate income tax for a period of 8 years from the date the promoted activity commenced generating revenues (20 November 2017).

Sahacogen Green Company Limited has received promotional privileges from the Board of Investment for the production of electricity and steam, pursuant to the investment promotion certificate No. 1563(1)/2552. Subject to certain imposed condition, the privileges include an exemption from corporate income tax for a period of 8 years from the date the promoted operations begin generating revenues (22 March 2011) and a 50% reduction of corporate income tax on income derived from the promoted operations for a period of 5 years after the tax-exemption period ends.

In addition, Sahacogen Green Company Limited has received promotional privileges from the Board of Investment for the energy plant farming, pursuant to the investment promotion certificate No. 1858(3)/2556 and 59-1260-0-00-2-0. Subject to certain imposed condition, the privileges include an exemption from corporate income tax for a period of 8 years from the date the promoted operations begin generating revenues. The investment certificate No. 1858(3)/2556 has operations begin generating revenues on 2 July 2015 and the investment certificate No. 59-1260-0-00-2-0 has no revenues.

Sahagreen Forest Company Limited has received promotional privileges from the Board of Investment for the production of electricity, pursuant to the investment promotion certificate No. 1856(1)/2554. Subject to certain imposed condition, the privileges include an exemption from corporate income tax for a period of 8 years from the date the promoted operations begin generating revenues (25 December 2012) and a 50% reduction of corporate income tax on income derived from the promoted operations for a period of 5 years after the tax-exemption period ends.

Sahagreen Energy Company Limited has received promotional privileges from the Board of Investment for the production of wood pellet, pursuant to the investment promotion certificates No. 1861(2)/2555 and 1861(2)/2556. Subject to certain imposed condition, the privileges include an exemption from corporate income tax for a period of 8 years from the date the promoted operations begin generating revenues (22 August 2013 and 1 September 2015, respectively).

During the year 2016, the Board of Investment approved a request to transfer the business under investment promotion certificate No. 1861(2)/2556 of Sahagreen Energy Company Limited to Sahacogen Green Company Limited, whereby it would be covered by investment promotion certificate No. 59-1632-0-00-1-2 and eligible to receive all remaining privileges. These privileges which would be subject to the same conditions as under the former certificate, except for a condition regarding the amount of registered capital of Sahacogen Green Company Limited, which is an additional condition stipulated upon the transfer of the business. The privileges include an exemption from corporate income tax until 8 September 2023.

The Company and its subsidiaries' operating revenues for the years ended 31 December 2018 and 2017, divided between promoted and non-promoted operations, are summarised below.

| | (Unit: Thousand Baht) | | | | | |
|-------|-----------------------|-------------|-------------------------|-------------|-------------|-------------|
| | Promoted operations | | Non-promoted operations | | Total | |
| | <u>2018</u> | <u>2017</u> | <u>2018</u> | <u>2017</u> | <u>2018</u> | <u>2017</u> |
| Sales | 1,332,495 | 662,219 | 2,866,159 | 3,364,603 | 4,198,654 | 4,026,821 |

25. Earnings per share

Basic earnings per share is calculated by dividing profit 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.

| | Consolidated | | Separate | |
|--|----------------------|-------------|----------------------|-------------|
| | Financial statements | | financial statements | |
| | <u>2018</u> | <u>2017</u> | <u>2018</u> | <u>2017</u> |
| Profit for the year (Baht) | 215,054,746 | 299,349,994 | 195,325,049 | 280,403,928 |
| Weighted average number of ordinary shares (shares) | 955,000,000 | 955,000,000 | 955,000,000 | 955,000,000 |
| Earnings per share (Baht/share) | 0.23 | 0.31 | 0.20 | 0.29 |

26. Segment information

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.

The Company and its subsidiaries are principally engaged in one reportable segment which is the generation and distribution of electricity and steam. Their operations are carried on only in Thailand. Segment performance is measured based on operating profit or loss of each company.

The revenues, profit or loss and total assets by segment of the Company and its subsidiaries for the years ended 31 December 2018 and 2017 are as follows:

| | Generation and distribution of electricity and steam | | | | (Unit: Thousand Baht) | |
|--|--|-----------------------------|------------------------------|---------|-----------------------|---|
| | Sahacogen (Chonburi) Public Co.,Ltd. | Sahacogen Green Co.,Ltd. | Sahagreen Forest Co.,Ltd. | Others | Eliminations | Consolidated financial statements |
| | | | | | | |
| Year ended 31 December 2018 | | | | | | |
| Sales to external customers | 3,609,220 | 333,825 | 255,609 | - | - | 4,198,654 |
| Results | | | | | | |
| Profit (loss) before share of income from investment in associate, finance cost and income tax expenses | 349,630 | 14,457 | 54,019 | (1,800) | (16,840) | 399,466 |
| Share of income from investment in associate | - | - | - | 190 | - | 190 |
| Finance cost | (147,818) | (8,355) | (14,672) | (6,020) | 8,587 | (168,278) |
| Profit (loss) before income tax expenses | 201,812 | 6,102 | 39,347 | (7,630) | (8,253) | 231,378 |
| Income tax expenses | (6,487) | - | - | - | - | (6,487) |
| Profit (loss) for the year | 195,325 | 6,102 | 39,347 | (7,630) | (8,253) | 224,891 |
| Segment total assets | 6,604,236 | 1,458,827 | 572,029 | 16,659 | (1,669,969) | 6,981,782 |

For the year 2018, the Company and its subsidiaries have revenue from three major customers in amount of Baht 1,828 million, Baht 1,781 million and Baht 531 million.

(Unit: Thousand Baht)

| | Generation and distribution of electricity and steam | | | Production and distribution of wood pellet | Consolidated financial statements | |
|---|--|---------------------------|----------------------------|--|-----------------------------------|-----------|
| | Sahacogen (Chonburi) Public Co., Ltd. | Sahacogen Green Co., Ltd. | Sahagreen Forest Co., Ltd. | Sahagreen Energy Co., Ltd. | Eliminations | |
| Year ended 31 December 2017 | 3,440,615 | 367,054 | 254,704 | 141 | (35,692) | 4,026,822 |
| Sales to external customers | | | | | | |
| Results | | | | | | |
| Profit (loss) before finance cost and income tax expenses | 463,485 | 20,275 | 51,103 | 2,069 | (29,495) | 507,437 |
| Finance cost | (118,198) | (11,419) | (15,965) | (6,045) | 17,207 | (134,420) |
| Profit (loss) before income tax expenses | 345,287 | 8,856 | 35,138 | (3,976) | (12,288) | 373,017 |
| Income tax expenses | (64,883) | - | - | - | - | (64,883) |
| Profit (loss) for the year | 280,404 | 8,856 | 35,138 | (3,976) | (12,288) | 308,134 |
| Segment total assets | 7,051,501 | 1,452,524 | 582,152 | 18,546 | (1,945,591) | 7,159,132 |

For the year 2017, the Company and its subsidiaries have revenue from three major customers in amount of Baht 1,745 million, Baht 1,696 million and Baht 534 million.

27. Provident fund

The Company, its subsidiaries and their employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Both employees and the Company and its subsidiaries contributed to the fund monthly at the rate of 5 percent of basic salary. The fund, which is managed by CIMB Thai Bank Public Company Limited, will be paid to employees upon termination in accordance with the fund rules. The contributions for the year 2018 amounting to approximately Baht 2,919,784 (2017: Baht 2,661,039) were recognised as expenses.

28. Dividend paid

| Dividends | Approved by | Total dividends Million Baht | Dividend per share Baht |
|-------------------------|--|---------------------------------|-------------------------------|
| Final dividend for 2017 | Annual General Meeting of the shareholders on 23 April 2018 | 143.25 | 0.15 |
| Total for 2018 | | 143.25 | 0.15 |
| Final dividend for 2016 | Annual General Meeting of the shareholders on 24 April 2017 | 133.70 | 0.14 |
| Total for 2017 | | 133.70 | 0.14 |

29. Commitments

29.1 Capital commitments

As at 31 December 2018, the Company and a subsidiary had capital commitments of approximately Baht 7 million (31 December 2017: Baht 17 million and SEK 3 million) relating to the acquisition of equipment and maintenance the power plant of the Company and the acquisition of equipment and construction of building of a subsidiary.

29.2 Electricity Sales Agreements

The Company entered into an agreement with the Electricity Generating Authority of Thailand (EGAT) to sell electricity in a specified quantity and at a stipulated price as defined in the agreement. The agreement period is 25 years and will expire in April 2024.

In March 2009, Sahacogen Green Company Limited entered into an agreement with the Provincial Electricity Authority (PEA) to sell electricity in a specified quantity and at a stipulated price as defined in the agreement. The agreement is for a period of 5 years, and will automatically renew every 5 years until termination. In 2016, Sahacogen Green Company Limited joined the program for producers of electricity from renewable energy sources to change from an Adder to a Feed-in Tariff (FiT), and as a result entered into an amendment to the sales and purchase of electricity agreement with PEA in September 2016, whereby it is required to comply with certain conditions and the period for purchase of electricity is reduced, with the agreement expiring in October 2027.

In September 2009, Sahagreen Forest Company Limited entered into an agreement with the Provincial Electricity Authority (PEA) to sell electricity in a specified quantity and at a stipulated price as defined in the agreement. The agreement is for a period of 20 years. Since Sahagreen Forest Company Limited joined the program for producers of electricity from renewable energy sources to change from an Adder to a Feed-in Tariff (FiT) in September 2016, it entered into an amendment to the sales and purchase of electricity agreement with PEA, whereby it is required to comply with conditions regarding the sale and purchase of electricity and connection to the electricity grid and the period for purchase of electricity is reduced, with the agreement expiring in March 2029.

29.3 Electricity and Steam Sales Agreements

The Company entered into agreements with Saha Pathana Inter-Holding Public Company Limited to sell electricity and steam in a specified quantity and at a stipulated price as defined in the agreements. The agreements period is 15 years, starting from April 1999, and renewed for an additional period of 25 years.

29.4 Steam Sales Agreements

Sahacogen Green Company Limited entered into an agreement with Thai President Foods Public Company Limited to sell steam in a specified quantity and at a stipulated price as defined in the agreement. The agreement is for a period of 10 years, starting from April 2011, and will renew every year until termination.

29.5 Gas Purchase Agreement

Under an agreement with the PTT Public Company Limited (“PTT”), the Company is committed to purchase natural gas from PTT in a specified quantity and at a stipulated price as defined in the agreement for a period of 21 years. The agreement will expire in March 2020, however it contains an option to renew for an additional period of 4 years.

29.6 Operation and Service Management Agreement

The Company entered into an agreement with Operational Energy Group Limited under which the affiliate will provide management and advisory services for the operation and maintenance of the power plant, which the Company is committed to pay for at prices as determined in the agreement. The agreement will expire on 31 December 2023.

29.7 Raw Water Purchase Agreement

Under an agreement with a private entity, the Company is committed to purchase raw water in a specified quantity and at a stipulated price as defined in the agreement for a period of 25 years. The agreement will expire in March 2024.

29.8 Land Rental Agreements

The Company entered into a land rental agreement with Sinparadorn Company Limited to rent 4,800 square meters of land for 3 years at a monthly rental rate of Baht 144,000, which was effective from 1 June 2017 to 31 May 2020.

A subsidiary has entered into several land rental agreements for energy plant farming. The terms of the agreements are generally between 1 and 4 years.

Future minimum lease payments required under these land rental agreements were as follows.

| | (Unit: Million Baht) | |
|-----------------------------|----------------------|-------------|
| | As at 31 December | |
| | <u>2018</u> | <u>2017</u> |
| Payable: | | |
| in up to 1 year | 1 | 2 |
| In over 1 and up to 5 years | 1 | 2 |

29.9 Operating lease and service agreement

The Company and its subsidiaries entered into operating lease agreement relating to rental of vehicle and office equipment and services agreements. The agreements periods are between 1 and 4 years.

As at 31 December 2018 and 2017, future minimum lease and service payments required under these agreements were as follows.

| | (Unit: Million Baht) | | | |
|-----------------------------|----------------------|------|----------------------|------|
| | Consolidated | | Separate | |
| | financial statements | | financial statements | |
| | 2018 | 2017 | 2018 | 2017 |
| Payable: | | | | |
| in up to 1 year | 11 | 7 | 3 | 4 |
| in over 1 and up to 5 years | 7 | 11 | 3 | 5 |
| in over 5 years | - | 1 | - | 1 |

29.10 Machinery Lease Agreement

The Company entered into a machinery lease agreement with Operational Energy Group Limited under which the affiliate will provide replacement machinery if the Company's machinery is temporarily out-of-order. Rental is charged at the rates stipulated in the agreement, which expires on 31 March 2024.

At 31 December 2018 and 2017, future minimum lease and service payments required under these agreements were as follows.

| | (Unit: Million Dollar) | |
|-----------------------------|---|------------------|
| | Consolidated/Separate financial statement | |
| | 31 December 2018 | 31 December 2017 |
| Payable: | | |
| in up to 1 year | 1 | 1 |
| in over 1 and up to 5 years | 5 | 5 |
| in over 5 years | - | 2 |

29.11 Biomass Fuel Purchase Agreement

Sahagreen Forest Company Limited entered into a biomass fuel purchase agreement with Siam Forestry Company Limited to purchase specified quantities at stipulated prices defined in the agreement. The agreement is effective from 21 August 2010 until termination.

29.12 Long-term service agreement

On 1 June 2017, the Company entered into a long-term service agreement with an overseas company for the maintenance and repair the Company's gas turbine engines, whereby the service charges are as stipulated in the agreement. The agreement terminates on 31 December 2023.

29.13 Guarantees

- (1) As at 31 December 2018, there were outstanding bank guarantee of approximately Baht 163 million (2017: Baht 163 million) issued by a bank on behalf of the Company in respect of certain performance bonds as required under the Power Sales Agreement with the Electricity Generating Authority of Thailand (EGAT). There were also other guarantees issued by a bank on behalf of the Company and its subsidiaries totaling Baht 23 million (2017: Baht 23 million).
- (2) As at 31 December 2018, the Company has guaranteed bank credit facilities of its associate company amounting to Baht 42 million.

30. Fair value hierarchy

As at 31 December 2018, the Company and its subsidiaries had the assets that were measured at fair value using different levels of inputs as follows:

| (Unit: Baht) | | | | | | |
|--------------------------------|----------------------|------------|------------|------------|----------------------|------------|
| | Consolidated | | | | Separate | |
| | financial statements | | | | financial statements | |
| | 2018 | | 2017 | | 2018 | 2017 |
| | Level 1 | Level 3 | Level 1 | Level 3 | Level 1 | Level 1 |
| Assets measured at fair value | | | | | | |
| Held for trade investments | | | | | | |
| Equity instruments | 272,324 | - | 269,844 | - | 272,324 | 269,844 |
| Available-for-sale investments | | | | | | |
| Equity instruments | 10,680,000 | - | 10,050,000 | - | 10,680,000 | 10,050,000 |
| Biological assets | - | 39,642,621 | - | 49,353,216 | - | - |

31. Financial instruments

31.1 Financial risk management

The Company 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 accounts receivable, loans provided, investments, short-term and long-term borrowings. The financial risks associated with these financial instruments and how they are managed is described below.

Credit risk

The Company and its subsidiaries are exposed to credit risk primarily with respect to trade accounts receivable since the majority of sales are supplied to a limited number of customers. However, due to those customers' creditworthiness, the Company and its subsidiaries do not anticipate material losses from its debt collection.

Interest rate risk

The Company and its subsidiaries' exposure to interest rate risk relates primarily to its cash at financial institutions, loans provided, short-term and long-term borrowings which are subject to interest. However, because most of the financial assets and financial liabilities have floating interest rates which fluctuate in line with market interest rates or fixed interest rates which approximate the current market interest rate. Details of long-term loans from financial institutions are set out in Note 19 to the consolidated financial statements.

As at 31 December 2018 and 2017, significant financial assets and liabilities classified by type of interest rate are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.

(Unit: Million Baht)

| | Consolidated financial statements | | | | | | |
|--|-----------------------------------|-------|---------|---------------|---------------|-------|----------------------------|
| | 2018 | | | | | | |
| | Fixed interest rates | | | | | | |
| | Within | 1-5 | Over | Floating | Non- interest | | Effective |
| | 1 year | years | 5 years | interest rate | bearing | Total | interest rate |
| | | | | | | | (% per annum) |
| <u>Financial Assets</u> | | | | | | | |
| Cash and cash equivalents | - | - | - | 75 | - | 75 | 0.10 - 1.25 |
| Trade and other receivables | - | - | - | - | 593 | 593 | - |
| | - | - | - | 75 | 593 | 668 | |
| <u>Financial liabilities</u> | | | | | | | |
| Short-term loans from financial institutions | 606 | - | - | - | - | 606 | 2.30 - 3.80 |
| Trade and other payables | - | - | - | - | 501 | 501 | - |
| Long-term loans from financial institutions | 542 | 1,747 | 319 | 181 | - | 2,789 | MLR - 1.60 and 3.75 - 4.58 |
| Long-term loan from a related party | - | 320 | - | - | - | 320 | 3.00 - 5.00 |
| | 1,148 | 2,067 | 319 | 181 | 501 | 4,216 | |

(Unit: Million Baht)

Consolidated financial statements

2017

| | Fixed interest rates | | | Floating interest rate | Non- interest bearing | Total | Effective interest rate (% per annum) |
|---|----------------------|--------------|-----------------|---------------------------|--------------------------|-------|---|
| | Within 1 year | 1-5 years | Over 5 years | | | | |
| <u>Financial Assets</u> | | | | | | | |
| Cash and cash equivalents | - | - | - | 78 | - | 78 | 0.50 - 1.25 |
| Trade and other receivables | - | - | - | - | 558 | 558 | - |
| | - | - | - | 78 | 558 | 636 | |
| <u>Financial liabilities</u> | | | | | | | |
| Short-term loans from financial institutions | 209 | - | - | - | - | 209 | 2.40 - 3.78 |
| Trade and other payables | - | - | - | - | 485 | 485 | - |
| Long-term loans from financial institutions | 540 | 1,833 | 292 | 715 | - | 3,380 | MLR-1.60 to 2.00 and 3.25 - 4.58 |
| Long-term loan from a related party | - | 320 | - | - | - | 320 | 3.00 - 5.00 |
| | 749 | 2,153 | 292 | 715 | 485 | 4,394 | |

(Unit: Million Baht)

Separate financial statements

2018

| | Fixed interest rates | | | Floating interest rate | Non- interest bearing | Total | Effective interest rate (% per annum) |
|---|----------------------|--------------|-----------------|---------------------------|--------------------------|-------|---|
| | Within 1 year | 1-5 years | Over 5 years | | | | |
| <u>Financial Assets</u> | | | | | | | |
| Cash and cash equivalents | - | - | - | 54 | - | 54 | 0.10 - 1.25 |
| Trade and other receivables | - | - | - | - | 502 | 502 | - |
| | - | - | - | 54 | 502 | 556 | |
| <u>Financial liabilities</u> | | | | | | | |
| Short-term loans from financial institutions | 260 | - | - | - | - | 260 | 2.30 - 3.02 |
| Trade and other payables | - | - | - | - | 484 | 484 | - |
| Long-term loans from financial institutions | 490 | 1,747 | 319 | - | - | 2,556 | 3.75 - 4.50 |
| Long-term loan from a related party | - | 320 | - | - | - | 320 | 3.00 - 5.00 |
| | 750 | 2,067 | 319 | - | 484 | 3,620 | |

(Unit: Million Baht)

| | Separate financial statements | | | | | | |
|--|-------------------------------|--------------|-----------------|---------------------------|--------------------------|-------|---|
| | 2017 | | | | | | |
| | Fixed interest rates | | | Floating interest rate | Non- interest bearing | Total | Effective interest rate (% per annum) |
| | Within 1 year | 1-5 years | Over 5 years | | | | |
| | | | | | | | |
| <u>Financial Assets</u> | | | | | | | |
| Cash and cash equivalents | - | - | - | 58 | - | 58 | 0.50 - 1.25 |
| Trade and other receivables | - | - | - | - | 464 | 464 | - |
| Short-term loans to related parties | 280 | - | - | - | - | 280 | 2.17 - 4.25 |
| | 280 | - | - | 58 | 464 | 802 | |
| <u>Financial liabilities</u> | | | | | | | |
| Short-term loans from financial institutions | 160 | - | - | - | - | 160 | 2.40 |
| Trade and other payables | - | - | - | - | 463 | 463 | - |
| Long-term loans from financial institutions | 491 | 1,781 | 292 | 534 | - | 3,098 | MLR-2.00 and 3.25 - 4.50 |
| Long-term loan from a related party | - | 320 | - | - | - | 320 | 3.00 - 5.00 |
| | 651 | 2,101 | 292 | 534 | 463 | 4,041 | |

31.2 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 rates, their fair value is not expected to be materially different from the amounts presented in the statements of financial position.

32. Capital management

The primary objective of the Company and its subsidiaries' capital management is to ensure that it has appropriate capital structure in order to support their business and maximise shareholder value. As at 31 December 2018, the Group's debt-to-equity ratio was 1.60:1 (2017: 1.74:1) and the Company's was 1.26:1 (2017: 1.45:1).

33. Event after the reporting period

- 33.1 On 20 February 2019, a meeting of the Board of Directors of Sahagreen Forest Company Limited passed a resolution to propose that the Annual General Meeting of the Shareholders to be held in March 2019 adopt a resolution to pay a dividend of Baht 0.50 per share, or a total of Baht 9.50 million, to the shareholders in respect of the 2018 earnings.

Such dividend will be paid and recorded after it is approved by the Annual General Meeting of this company's shareholders.

33.2 On 26 February 2019, a meeting of the Company's Board of Directors passed a resolution to propose the Annual General Meeting of the Shareholders to be held in April 2019 adopt a resolution to pay a dividend of Baht 0.12 per share, or a total of Baht 114.60 million, to the shareholders in respect of the 2018 earnings.

Such dividend will be paid and recorded after it is approved by the Annual General Meeting of the Company's shareholders.

34. ~~Approval of financial statements~~

These financial statements were authorised for issue by the Company's Board of Directors on 26 February 2019.

Management Discussion and Analysis

Discussion and Analysis of Operating Result and Financial Status

This analysis is based on the consolidated financial statements of the year 2018 comparing to the year 2017. The details are described below.

1. Operating Result

1.1 Overview of Operations

The global energy price is slightly up comparing to last year. The global energy price has the slight impact on the price of electricity and steam which are the main income of Sahacogen. The core business is selling electricity and steam generating 99.71% of the group total revenues. However, the total of 66.36% of our cost structure relies on the natural gas price, the main fuel in production process. Another factor indicating the energy price is the Agreement with Electricity Generating Authority of Thailand (EGAT). The electricity price structure is also subordinated to the actual cost of natural gas. For energy price distributed to customers in Sriracha Saha Group Industrial Park, it is subjected to price rate of PEA and the Float Time (FT) rate. There are risks to company operating performance, if the FT rate is not align with the fuel cost. The company considered the mentioned risks as the external factors that would be unable to control. In contrast, the company has been improving the production efficiency as well as focusing on the production cost control in order to minimize the effect on business operation from fuel price risk.

In 2018, the revenues of the company and subsidiaries reached THB 4,208 million, increased by THB 171 million or 4.23% comparing to last year. The cost of electricity sold combining to administrative and selling expenses and loss in assets impairment were THB 3,808 million. The total expenses increased by THB 279 million or 7.90%. The financial expenses were THB 168 million increased THB 34 million or 25.19%. The income tax expenses THB 6 million decreased THB 58 million or 90%. The group company has THB 225 million in net profit, decreased by THB 83 million or 27.02%.

In 2018, the company and subsidiaries' research and development cost was not significant to the overall expenses. Then, the R&D cost will not be mentioned in this discussion.

1.2 Operating Result of Each Product Units

- **Revenues from Sales**

The total selling revenues from the consolidated financial statements was THB 4,199 million, increased by THB 172 million or 4.27%, comparing to year 2017. An increase in revenue the increased natural gas price in electricity price Structure was THB 102 million. Moreover, the revenue from selling steam increased by THB 75 million from not only the rise of selling price based on the fuel price but also the increasing quantity sold.

- **Other Revenues**

The other revenues were THB 9 million. The amount is slightly down comparing to last year.

- **Cost and Expenses**

- Cost of sales: The cost of sales in consolidated financial statements was THB 3,657 million, increased by THB 271 million or 8 % according to the higher in natural gas price and the depreciation of the added capacity starting the operation on November 20, 2017.
- The administrative expenses in the consolidated financial statements were THB 152 million, increased by THB 13 million or 9.11%. The main reasons were from the financial advisor fee for the investment in Impact Solar Co. Ltd. (THB 3.33 million) and an increase of the directors' benefits (THB 5.04 million).
- The reverse of loss on assets impairment was THB 3 million, decreased by THB 7 million or 169.60%.
- The loss on biological assets impairment THB 3 million was the write-off value based on the asset fair value.
- The profit from an investment in the affiliate company THM 0.19 million which came from Impact Solar Co., Ltd.
- The financial expenses in the consolidated financial statements were THB 168 million, increased by THB 34 million or 25.19%. The change resulted from the interest payment for the added capacity of the power plant and the debt restructuring fee (THB 6.45 million) In addition, in 2017, the borrowing cost was recorded as the cost of the expansion project Phase III was THB 28 million.
- The corporate income tax in the consolidated financial statements was THB 6 million, decreased by THB 58 million or 90% according to the operating performance and the tax privilege from the Board of Investment (BOI) that was granted to the extended power plant.

- **Profit**

- In 2018, the group company net profit was THB 225 million, decreased by THB 83 million or 27.02%. The net profit from the separated financial statement was decreased by THB 85 million.
- There was a gain on change in value of available-for-sale investments THB 0.50 million; Actuarial loss in THB 7 million which considered as other comprehensive income. The total comprehensive income for the year was THB 219 million.
- The total comprehensive income attributed to the equity of the company holders was THB 215 million.

- **Gross Profit Margin:** 12.91% decreased by 3.01% comparing to last year. This was an decrease of 18.91%.
- **Return to Shareholders:** 8.48% increased by 3.70% comparing to last year. This was an increase of 30.38%.

2. Financial Status

- **Assets:** the total assets was THB 6,982 million, decreased from the year 2017 by THB 177 million or 2.48%.

An increase in sales in 2018 consequently affected the rise in account receivable by THB 35 million. An investment in Impact Solar Co.,Ltd. was THB 91.12 million. The investment transaction was done in July by investing in 9.093 million shares at 10 baht per share which was equivalent to 21% of total shares. The properties, plants and equipment had the decrease in value by THB 300 million (4.88%) the depreciation.

- **Liabilities:** The total liabilities were THB 4,296 million, decreased from the year 2017 by THB 248 million or 5.46%. This was resulted from the decreasing long-term debt that was due.
- **Shareholders' Equity:** Shareholders' equity was THB 2,686 million. The equity increased from the year 2017 by THB 71 million or 2.69%, resulting from the operating performance of the company and its subsidiaries.

3. Liquidity

- **Cash Flow:**
 - The company had earned net cash from operating activities THB 710 million, which was decreased from the year 2017 by THB 190 million or 21.11%. This was due to debt repayment.
 - The cash flow used for investment was THB 370 million, decreased from the year 2017 by THB 390 million. The major spending items were the repayment of the retention for the construction of the power plant expansion project; system improvement THB 74 million and THB 90.93 million for the investment in Impact Solar Co., Ltd. and property plant equipment THB 206 million.
 - The cash flow used for financing activities was THB 342 million which were used for the long-term debt repayment (THB 591 million) and dividend payment (THB 143 million). There was the short-term borrowing THB 397 million. The ending cash and cash equivalent items were THB 75 million which was decreased by THB 2 million or 3.07%
- **Liquidity Ratio:** The current assets were THB 960 million, increased from the year 2017 by THB 42 million or 4.59%. The increasing of account receivables was related to the increase in revenue. Total current liabilities was THB 1,701 million, increased by THB 154 million or 9.97% based on the short-term financing. The liquidity ratio was 0.56 which was lower than the ratio of 2017 by 0.03 times or 5.08%
- **Interest Coverage:** 5.60 times in 2018, decreased by 1.30 times or 18.84% comparing to the year 2017.

4. Operation Effectiveness

The return on total assets was 3.18%, lower than last year by 27.89%. The return on fixed assets was 12.14%, lower than last year by 3.11%. The total asset turnover was 0.60 times, higher than last year by 2.61%. The reason of the changes was the completion of the combined-cycle power plant expansion that started the commercial operation on November 20, 2017.

5. Factors posing possible impact on the company's future business operations and financial statement

The company has disclosed factors posing possible impact on the company's future business operations and financial statement in "Note to Consolidated Financial Statements" in the item 31 "Financial Instruments" and also published on www.sahacogen.com.

Report on the Change in Shareholding of the Directors and Management as December 31, 2018

| Name | Position | (No. of Shares) | | *Share Increment | Shareholding ratio (%) | 2018 | |
|-------------------------------------|--|-----------------|------------|------------------|------------------------|------------|-----------|
| | | 2017 | 2018 | | | Director | spouse |
| 1 Mr. Sujarit Patchimnun | Chairman and Chairman of the Nomination and Remuneration Committee | - | - | - | - | - | - |
| 2 Mr. Boonkiet Chokwatana | Director and Nomination and Remuneration Director | 16,437,710 | 16,437,710 | - | 1.72 | 14,697,710 | 1,740,000 |
| 3 Mr. Thirasak Vikitset | Director, Chairman of Executive Committees and Nomination and Remuneration Director | 2,040,000 | 2,040,000 | - | 0.21 | 2,040,000 | - |
| 4 Mr. Atthakorn Glankwamdee | Director and Executive Committee | 200,000 | 200,000 | - | 0.02 | 200,000 | - |
| 5 Mr. Viroj Theeravattavee | Managing Director and Executive Committee | - | - | - | - | - | - |
| 6 Mr. Suthep Dansiriviroj | Director and Executive Committee | - | - | - | - | - | - |
| 7 Mr. Sontaya Tabkhan | Director and Executive Committee | - | - | - | - | - | - |
| 8 Mr. Vichai Kulsomphob | Director | - | 167,500 | - | 0.02 | - | 167,500 |
| 9 Mr. Nophorn Bhongsvej | Independent Director, Chairman of the Audit Committee and Nomination and Remuneration Director | - | - | - | - | - | - |
| 10 Pol. Gen. Somchai Prabhasabhakdi | Independent Director and Audit Committee | - | - | - | - | - | - |
| 11 Mr. Amorn Asvanunt | Independent Director and Audit Committee | 1,000,000 | 1,000,000 | - | 0.10 | 1,000,000 | - |
| 12 Mr. Boonyarith Mahamontri | Independent Director | 50,000 | 50,000 | - | 0.01 | 50,000 | - |
| 13 Admiral Apiwat Sriwattana | Independent Director | - | - | - | - | - | - |
| 14 Mr. Sontaya Tabkhan | Executive Committee | - | - | - | - | - | - |
| 15 Mr. Teerayuthai Kaewcoon | General Manager | - | - | - | - | - | - |
| 16 Mr. Apipong Vischuveskamin | Business Development Department Manager | - | - | - | - | - | - |
| 17 Mr. Thanawat Kamsri | Plant Management & Biomass Business Department Manager | - | - | - | - | - | - |
| 18 MS. Penpak Vongrakvanich | Accounting Division Manager | - | - | - | - | - | - |

Company Secretary : Mrs. Pannee Chantavoraluk

Remark : * Including shares held by the spouse and minor children.

The proportion of shares collectively held by the company directors is not over 25 % of issued share capital (2.08%).

** He has been appointed as a director on April 23 2018

The Board of Directors and Management Information

| Name / Position | Age | Education | *Shares hold (%) | Family Relationship Between directors | Past 5 years experiences | | |
|---|-----|---|------------------|---------------------------------------|---|--|--|
| | | | | | Period | Position | Company Name |
| 1. Mr. Sujarit Patchimnun <ul style="list-style-type: none"> Chairman at May 10, 2016 Chairman of the Nomination and Remuneration Committee at May 10, 2016 Authorized Director | 73 | <ul style="list-style-type: none"> M.A. in political science, Thammasat University B.A. in political science, Thammasat University Director Accreditation Program (DAP) 41/2005 Thai Institute of Directors Association | - None - | - None - | 2007 - 2017 2013 - Present 2016 - Present | <u>Listed Companies</u> Director Audit Committee/ Independent Director Director <u>Other Companies</u> (non Listed Companies) <u>Competitive Business related to Company's Business</u> | Saha Pathanapibul PLC. Pan Asia Footwear PLC. Saha Pathana Inter-Holding PLC. 3 -None- |
| Other positions in other companies in the previous year affected his duties significantly: None | | | | | | | |

Remark : * Including shares held by the spouse and minor children.

| Name / Position | | Age | Education | *Shares hold (%) | Family Relationship Between directors | Past 5 years experiences | | |
|---|---|-----|---|------------------|---------------------------------------|--------------------------|---|--|
| | | | | | | Period | Position | Company Name |
| 2. Mr. Boonkiet Chokwatana | • Director at May 10, 2016 | 71 | • Honorary Doctorate Degree in Business Administration (Management), Sripratum University | 1.72 | Brothers | 2006 - Present | Director | Thailand Securities Depository Company Limited |
| | • Director of the Nomination and Remuneration Committee at May 10, 2016 | | • Honorary Doctorate in Business Administration College of Commerce, Burapha University | | | 2008 - Present | Advisor/ Vice President | Thai Listed Companies Association |
| | • Authorized Director | | • Honorary Doctorate in Business Administration, Naresuan University | | | 1986 - Present | Director | Saha Pathana Inter-Holding PLC. |
| | | | • B.S. Mechanical Engineering - Worcester Polytechnic Institute, Massachusetts, USA | | | 1993 - Present | Chairman | S&J International Enterprises PLC. |
| | | | • Director Accreditation Program (DAP) 3/2003 | | | 1994 - Present | Chairman/ Chairman of Remuneration Committee/ Chairman of Nomination Committee | People's Garment PLC. |
| | | | • Director Certification Program (DCP) 41/2004 | | | 2007 - Present | Chairman/ Executive Chairman/ Chairman of Remuneration Committee/ Nomination Director | I.C.C. International PLC. |
| | | | • Thai Institute of Directors Association | | | 2013- Present | Chairman | Pan Asia Footwear PLC. |
| | | | | | | | <u>Other Companies (non Listed Companies)</u> | |
| | | | | | | | Positions in its Affiliates: Director of 1 company | 56 |
| | | | | | | | <u>Competitive Business related to Company's Business</u> | -None- |
| Other positions in other companies in the previous year affected his duties significantly: None | | | | | | | | |

Remark : * Including shares held by the spouse and minor children.

| Name / Position | | Age | Education | *Shares hold (%) | Family Relationship Between directors | Past 5 years experiences | | |
|--------------------------|--|-----|--|------------------|---------------------------------------|--------------------------|--|------------------------------------|
| | | | | | | Period | Position | Company Name |
| 3. Mr. Thirasak Vikitset | • Director at March 6, 2003 | 67 | • MBA, Clark University: Worcester, Massachusetts, USA | 0.21 | - None - | 1985 - Present | <u>Listed Companies</u> Managing Director/ Chairman of the Executive Board/ Director of the Nomination and Remuneration Committee | S&J International Enterprises PLC. |
| | • Chairman of Executive Board at March 6, 2007 | | • Bachelor of Chemical Engineering Worcester Polytechnic Institute, Massachusetts, USA | | | | | |
| | • Director of the Nomination and Remuneration Committee at February 27, 2009 | | • Director Accreditation Program (DAP) 3/2003 • Director Certification Program (DCP) 68/2005 Thai Institute of Directors Association | | | | <u>Other Companies (non Listed Companies)</u> 20 | |
| | • Authorized Director | | | | | | <u>Competitive Business related to Company's Business</u> | - None - |
| | Other positions in other companies in the previous year affected his duties significantly: None | | | | | | | |

Remark : * Including shares held by the spouse and minor children.

| Name / Position | | Age | Education | *Shares hold (%) | Family Relationship Between directors | Past 5 years experiences | | |
|-----------------------------|---|-----|--|------------------|---------------------------------------|--------------------------|--|------------------------------------|
| | | | | | | Period | Position | Company Name |
| 4. Mr. Attakorn Glankwamdee | • Director at March 6, 2003 | 70 | <ul style="list-style-type: none">• Ph.D. (Mechanical Engineering) University of Illinois at Urbana, U.S.A.• Director Accreditation Program (DAP) 3/2003• Director Certification Program (DCP) 68/2005Thai Institute of Directors Association | 0.02 | - None - | 1991 - Present | <u>Listed Companies</u> Deputy Managing Director/ Executive Director | S&J International Enterprises PLC. |
| | • Executive Director at March 6, 2007 | | | | | 2016 - Present | Chairman of the Risk Management Committee | S&J International Enterprises PLC. |
| | • Authorized Director | | | | | | <u>Other Companies</u> <u>(non Listed Companies)</u> | 12 |
| | | | | | | | <u>Competitive Business related to Company's Business</u> | -None- |
| | Other positions in other companies in the previous year affected his duties significantly: None | | | | | | | |
| 5. Mr. Viroj Theeravattavee | • Managing Director at March 6, 2003 | 65 | <ul style="list-style-type: none">• Bachelor of Engineering (Mechanical Engineering), Chulalongkorn University• Director Accreditation Program (DAP) 12/2004• Director Certification Program (DCP) 68/2005Thai Institute of Directors Association | - None - | - None - | | <u>Other Companies</u> <u>(non Listed Companies)</u> | 4 |
| | • Executive Director at March 6, 2007 | | | | | | <u>Competitive Business related to Company's Business</u> | -None- |
| | • Chairman of the Corporate Social Responsibility Committee at May 6, 2014 | | | | | | | |
| | • Authorized Director | | | | | | | |
| | Other positions in other companies in the previous year affected his duties significantly: None | | | | | | | |

Remark : * Including shares held by the spouse and minor children.

| Name / Position | | Age | Education | *Shares hold (%) | Family Relationship Between directors | Past 5 years experiences | | |
|--|--|-----|--|------------------|---------------------------------------|--|---|---|
| | | | | | | Period | Position | Company Name |
| 6. Mr. Boonyarith Mahamontri | | 73 | <ul style="list-style-type: none"> Bachelor of Science (Chemicals), Chulalongkorn University Director Accreditation Program (DAP) 3/2003 Director Certification Program (DCP) 68/2005 Thai Institute of Directors Association | 0.01 | - None - | 1999 - 2006 1988 - Present | <u>Listed Companies</u> Independent Director/ Audit Committee Director <u>Other Companies</u> (non Listed Companies) <u>Competitive Business related to Company's Business</u> | Thanulux PLC. Saha Pathanapibul PLC. 1 -None- |
| Other positions in other companies in the previous year affected his duties significantly: None | | | | | | | | |
| 7. Mr. Nophorn Bhongsvej | | 71 | <ul style="list-style-type: none"> B.A. Oregon State University (ECON) M.S. Oregon State University (ECON) Director Accreditation Program (DAP) 38/2005 Director Certification Program (DCP) 71/2006 Audit Committee Program (ACP) 12/2006 Thai Institute of Directors Association | - None - | - None - | 2010 - Present 2015 - Present 2017- 2018 | <u>Listed Companies</u> Independent Director/ Chairman of the Audit Committee Audit Committee/ Independent Director/ Chairman of Corporate Governance Committee Independent Director/ Chairman of the Audit Committee <u>Other Companies</u> (non Listed Companies) <u>Competitive Business related to Company's Business</u> | Saha Pathana Inter-Holding PLC. I.C.C. International PLC. Kantana Group PLC. 2 -None- |
| Other positions in other companies in the previous year affected his duties significantly: None | | | | | | | | |

Remark : * Including shares held by the spouse and minor children.

| Name / Position | | Age | Education | *Shares hold (%) | Family Relationship Between directors | Period | Position | Company Name |
|---|--|-----|--|------------------|---------------------------------------|-----------------------------------|---|---|
| 8. Pol. Gen. Somchai Prabhasabhakdi | | 76 | <ul style="list-style-type: none">Master of Public Administration (M.P.A.), National Institution of Development AdministrationF.B.I. Academy, USA (Class 93)Chief of the Army Guard Staff (Class 53)National Defence College (Class 6)Director Accreditation Program (DAP) 25/2004Director Certification Program (DCP) 51/2004Audit Committee Program(ACP) 2/2004Role of The Chairman Program (RCP) 12/2005 Thai Institute of Directors Association | - None - | - None - | 2004 - 2015 2015 - Present | <u>Listed Companies</u> Independent Director/ Director of the Audit Committee Director of the Audit Committee/ Independent Director/ Chairman of the Corporate Governance Committee <u>Other Companies</u> <u>(non Listed Companies)</u> <u>Competitive Business related to Company's Business</u> | I.C.C. International PLC. S&J International Enterprises PLC. -None- -None- |
| Other positions in other companies in the previous year affected his duties significantly: None | | | | | | | | |

Remark : * Including shares held by the spouse and minor children.

| Name / Position | | Age | Education | *Shares hold (%) | Family Relationship Between directors | Past 5 years experiences | | |
|--|----|--|-----------|------------------|--|--------------------------|---|-------------------------|
| | | | | | | Period | Position | Company Name |
| 9. Mr. Amorn Asvanunt <ul style="list-style-type: none">Independent Director at March 6, 2003Director of the Audit Committee at March 6, 2003 | 70 | <ul style="list-style-type: none">MBA, Bowling Green State University, Ohio, USABachelor of Accountancy, Chulalongkorn UniversityDirector Accreditation Program (DAP) 4/2003 Thai Institute of Directors Association | 0.10 | - None - | Listed Companies | 2005 - 2014 | Independent Director/ Director of the Risk Management Committee | Thai Military Bank PLC. |
| | | | | | Independent Director/ Director of the Audit Committee | 1999 - Present | I.C.C. International PLC. | |
| | | | | | Chairman of the Risk Management Committee | 2006 - Present | I.C.C. International PLC. | |
| | | | | | Independent Director/ Chairman of the Audit Committee | 2002 - 2017 | People's Garment PLC. | |
| | | | | | Independent Director/ Director of the Audit Committee | 2002 - Present | Far East DDB PLC. | |
| | | | | | Independent Director/ Director of the Risk Management Committee/ Chairman of the Nomination and Remuneration Committee | 2005 - Present | Krungdhep Sophon PLC. | |
| | | | | | Independent Director | 2015 - 2017 | MFC Asset Management PLC. | |
| | | | | | Independent Director/ Chairman of the Audit Committee | 2017 - Present | S&J International Enterprises PLC. | |
| | | | | | Other Companies (non Listed Companies) | | 1 | |
| | | | | | Competitive Business related to Company's Business | | -None- | |
| Other positions in other companies in the previous year affected his duties significantly: None | | | | | | | | |

Remark : * Including shares held by the spouse and minor children.

| Name / Position | | Age | Education | *Shares hold (%) | Family Relationship Between directors | Past 5 years experiences | | |
|--|----|---|-----------|------------------|---------------------------------------|--|------------------------------------|--------------|
| | | | | | | Period | Position | Company Name |
| 10. Admiral Apiwat Srivardhana <ul style="list-style-type: none">Independent Director at April 22, 2013 | 66 | <ul style="list-style-type: none">Bachelor of Science, Royal Thai Naval AcademyNational Defence College (NDC)Director Accreditation Program (DAP) 109/2014Director Certification Program (DCP) 197/2014Role of the Chairman Program (RCP) 36/2015Advanced Audit Committee Program (AACP) 19/2015Thai Institute of Directors Association | - None - | - None - | 2014 - Present | Chairman of the Board | Port Authority of Thailand | |
| | | | | | 2017 - Present | <u>Listed Companies</u> Independent Director/ Audit Committee | Interlink Communication PLC. | |
| | | | | | 2018 - Present | Chairman of the Risk Management | Interlink Communication PLC. | |
| | | | | | | <u>Other Companies</u> <u>(non Listed Companies)</u> | -None- | |
| | | | | | | <u>Competitive Business related to Company's Business</u> | -None- | |
| Other positions in other companies in the previous year affected his duties significantly: None | | | | | | | | |
| 11. Mr. Suthep Dansiriviroj <ul style="list-style-type: none">Director at November 7, 2013Executive Director at May 14, 2012Chairman of the Risk Management Committee at May 6, 2014Authorized Director | 70 | <ul style="list-style-type: none">B.A accountancy, Thammasat UniversityRisk Management Committee Program (RMP) 5/2014Director Accreditation Program (DAP) 32/2005Director Certification Program (DCP) 60/2005Thai Institute of Directors Association | - None - | - None - | 2008 - 2013 | <u>Listed Companies</u> Independent Director/ Chairman of the Audit Committee | M Pictures Entertainment PLC. | |
| | | | | | 2005 - 2014 | Director/ Executive Director/ Director of the Nomination and Remuneration Committee | Inter Far East Engineering PLC. | |
| | | | | | 2014 - Present | Director | S&J International Enterprises PLC. | |
| | | | | | | <u>Other Companies</u> <u>(non Listed Companies)</u> | 3 | |
| | | | | | | <u>Competitive Business related to Company's Business</u> | -None- | |
| Other positions in other companies in the previous year affected his duties significantly: None | | | | | | | | |

Remark : * Including shares held by the spouse and minor children.

| Name / Position | | Age | Education | *Shares hold (%) | Family Relationship Between directors | Past 5 years experiences | | |
|-------------------------------|---|-----|---|------------------|---------------------------------------|---|---|------------------------------------|
| | | | | | | Period | Position | Company Name |
| 14. Mrs. Pannee Chantavoraluk | <ul style="list-style-type: none">Company Secretary at March 28, 2008 | 62 | <ul style="list-style-type: none">B.A accountancy, Thammasat UniversityCompany Secretary Program (CSP) 11/2005Thai Institute of Directors Association | 0.01 | -None- | 2000 -Present | <u>Listed Companies</u> Internal Audit Manager/ Secretary to the Audit Committee | S&J International Enterprises PLC. |
| | | | | | | 2016 - Present | Director of the Risk Management Committee | S&J International Enterprises PLC. |
| | | | | | | | <u>Other Companies (non Listed Companies)</u> | 3 |
| | | | | | | | <u>Competitive Business related to Company's Business</u> | -None- |
| | | | | | | Other positions in other companies in the previous year affected his duties significantly: None | | |
| 15. Mr.Teerayuth Kaewcoon | <ul style="list-style-type: none">General ManagerAccounting & Finance Department ManagerGas Fired Power Plant Management DepartmentProject Management & Engineering Department | 53 | <ul style="list-style-type: none">Bachelor of Industrial Engineering,King Mongkut's University of Technology North Bangkok | -None- | -None- | <u>Listed Companies</u> | -None- | |
| | | | | | | <u>Other Companies (non Listed Companies)</u> | -None- | |
| | | | | | | <u>Competitive Business related to Company's Business</u> | -None- | |
| | | | | | | <u>Holding position in other companies in the recent year had impacted on time dedication significantly</u> | -None- | |
| | | | | | | | | |

Remark : * Including shares held by the spouse and minor children.

| Name / Position | Age | Education | *Shares hold (%) | Family Relationship Between directors | Past 5 years experiences | | |
|---|-----|---|------------------|---------------------------------------|--------------------------|---|--------------|
| | | | | | Period | Position | Company Name |
| 16. Mr. Apipong Vischuveskamin <ul style="list-style-type: none"> Business Development Department Manager | 44 | <ul style="list-style-type: none"> Master of Economics, National Institute of Development Administration | -None- | -None- | | <u>Listed Companies</u> | -None- |
| | | | | | | <u>Other Companies (non Listed Companies)</u> | -None- |
| | | | | | | <u>Competitive Business related to Company's Business</u> | -None- |
| | | | | | | <u>Holding position in other companies in the recent year had impacted on time dedication significant significantly</u> | -None- |
| 17. Mr. Thanawat Kamsri <ul style="list-style-type: none"> Power Plant & Biomass Business Management Department Manager | 45 | <ul style="list-style-type: none"> Master of Business Administration , Burapha University | -None- | -None- | | <u>Listed Companies</u> | -None- |
| | | | | | | <u>Other Companies (non Listed Companies)</u> | -None- |
| | | | | | | <u>Competitive Business related to Company's Business</u> | -None- |
| | | | | | | <u>Holding position in other companies in the recent year had impacted on time dedication significant significantly</u> | -None- |

Remark : * Including shares held by the spouse and minor children.

| Name / Position | Age | Education | *Shares hold (%) | Family Relationship Between directors | Past 5 years experiences | | |
|---|-----|---|------------------|---------------------------------------|--------------------------|---|--------------|
| | | | | | Period | Position | Company Name |
| 18. Ms.Penpak Vongrakvanich • Accounting Division Manager | 49 | • Bachelor of Accountancy, Bangkok University • Master of Business Administration , Burapha University | -None- | -None- | | <u>Listed Companies</u> | -None- |
| | | | | | | <u>Other Companies (non Listed Companies)</u> | -None- |
| | | | | | | <u>Competitive Business related to Company's Business</u> | -None- |
| | | | | | | <u>Holding position in other companies in the recent year had impacted on time dedication significant significantly</u> | -None- |

Remark : * Including shares held by the spouse and minor children.



“สหโคเจน รวมใจ ไม่ทุจริต ไม่คอร์รัปชัน” “Sahacogen Fights Against Corruption”



พิธีมอบประกาศนียบัตรแก่บริษัทที่ผ่านการรับรอง
เป็นสมาชิกแนวร่วมปฏิบัติของภาคเอกชนไทยในการต่อต้านทุจริต
ประจำไตรมาสที่ 4 ปี 2560 และไตรมาสที่ 1 ปี 2561





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