



SERMSANG
POWER CORPORATION

SUSTAINABLE
G R O W T H

ANNUAL REPORT 2017



CONTENTS

002	Financial Highlights	020	Policy and Overview of Business Operation
004	Message from Chairman	026	Business Descriptions
005	Message from CEO	038	Risk Factors
006	Board of Directors	056	General Information
016	Management	058	Shareholders



059	Dividend Payment Policy
060	Management
068	Corporate Governance
072	Corporate Social Responsibility
076	Internal Control Risk Management

078	Related Party Transactions
084	Financial Highlights
092	Management's Discussion and Analysis
102	Independent Auditor's Report

(Investor can further study our information from annual registration statement (Form 56-1) as shown in www.sec.or.th)

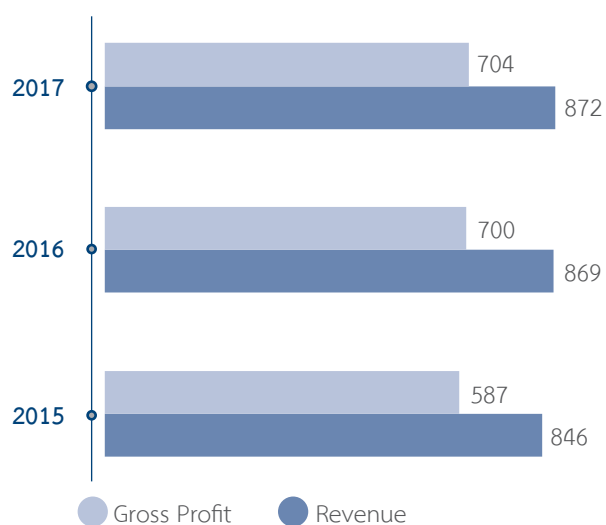
Financial Highlights



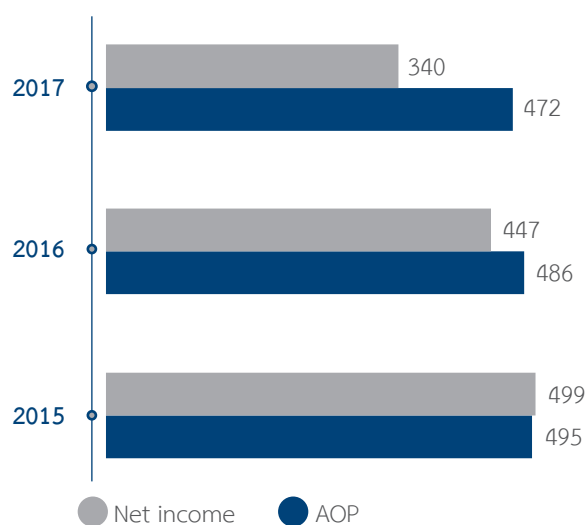
P&L Statement (Million Baht)	2015	2016	2017
Sale Revenue	846	869	872
Unrealized FX gain	3	-	-
Other Revenue	3	8	5
Total Revenue	853	877	877
Cost of Goods Sold	159	169	168
Gross Profit	687	700	704
SG&A	55	114	220
Land lease during construction	-	7	32
Unrealized FX loss	-	19	73
General G&A expenses	55	88	116
EBITDA (excluding unrealized FX gain/loss)	774	732	682
Financial Expenses	140	146	147
Tax	(0)	(0)	8
Net Profit to SSP's shareholders	498	449	340
Adjusted Operating Profit to SSP's shareholders	495	487	472



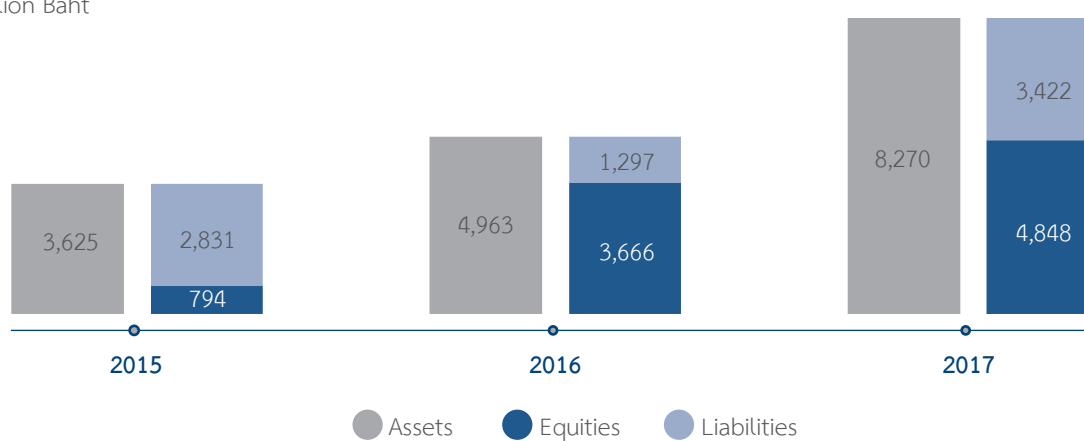
Unit: Million Baht



Unit: Million Baht



Unit: Million Baht



Message from Chairman



For the fiscal year 2017, I considered Sermsang group having satisfactory operational results and in accordance with plan. From financial results perspective, the financial results of fiscal year 2017 is quite stable and per plan, even if we had only one operating assets for such fiscal year, being the Sermsang Palang Ngan project in Lopburi province.

When observed from group's business expansion plan perspective, I considered that we are successful in expand our business per plan. In 2017, we have 3 solar farm projects in Japan under construction, from our current investment plan of 5 projects. The first solar farm project in Japan already started commercial operation already in 1 March 2018, while next solar farm project in Japan is scheduled to start commercial operation also in the second half of 2018.

Moreover, our group also expand our business by investing in solar farm project in Mongolia, whereas we are considered as the first Thai company investing in renewable energy in Mongolia. This project obtained subsidy from Japanese government, through Joint Credit Mechanism program, and located close to capital city and new international airport of

Mongolia. This project is scheduled to start commercial operation within the first quarter of 2019.

Even though we have been successful both in financial results and business expansion perspective, our group will continue to focus on business expansion and maintain efficiency in operating projects, for the best benefits of all shareholders.

Last but not least, I, as representative of all directors of our company, would like to sincerely thank all customers, financial institutions, shareholders, counterparties and partners, surrounding communities, related government agencies, and all stakeholders for all the supports given to business of our group, which result in evidenced success of our business today.

Mr. Kamthon Wangudom
Chairman of the Board

Message from CEO



From 2017 financial results, Management considered that the results are at relatively satisfactory and in accordance with plan. Our group had electricity sale revenue of 872 MTHB and Adjusted Operating Profit of 472 MTHB, which are considered as relatively stabilized comparing to the year before.

Based on our current financial status, plan to secure additional capital through borrowing from financial institutions, planned investment in expansion projects, and satisfactory financial results, the Board of Directors approved dividend proposal, for consideration of shareholders' meeting, at the rate of 0.205 THB/share, totaling approximately 189 MTHB. Such dividend represents 40% of Adjusted Operating Profit. I believed such dividend payment, even though we are still in investment phase per our business expansion plan, reflects our policy to continually create value to all shareholders.

For our business expansion plan, I am glad to inform that our first solar farm project in Japan, Hidaka project, has already started commercial operation in beginning of March 2018. Per our plan, more projects are scheduled to start

commercial operation during the next 10-12 months, including Zouen project (solar farm in Japan), WVO solar project (solar farm in Ratchburi province; co-invest with War Veteran Organization), many solar rooftop projects, and Khunsight Kundi project (solar farm in Mongolia). And if we included installed capacity of all projects listed here, our group will have total installed capacity increased from 52 MW in 2017 to approximately 107 MW, which will enhance our revenue during the next 1-2 years.

As a representative of Management, I would like to thank all of our staffs for their contribution, dedication, and professionalism, which, I believed, a key fundamental to our success evidenced today.

Mr. Varut Tummavarasuk
Chief Executive Officer

Board of Directors



Mr. Kamthon Wangudom

71 (year)

Independent Director (16 March 2017)

Chairman (16 March 2017)

Education / Training

- Bachelore of Laws, Thammasat University
- Master of Science (M.Sc.) in Political Science, Northeastern Illinois University, USA
- Chief Executive course “Thammasat Leadership Program (LTP)”, Thammasat University
- Chief Executive course in Energy technology, Thailand Energy Academy
- Director Accreditation Program (DAP) Course 138/2017, Thai Institute of Directors Association (IOD)
- Role of Chairman Program (RCP) 41/2017, Thai Institute of Directors Association (IOD)

Proportion of holding company share (percentage)¹

-

Relationship between Director and Management

-none-

Experiences

2017 - present	Chairman Independent Director Sermuang Power Corporation Public Company Limited
2012 - present	Chairman K Global Company Limited
2012 - present	Director Petroleum Training Services (PTS) Company Limited
2011 - present	Director Panthakit Surat Company Limited
2010 - present	Director Member of Audit Committee Sapthip Company Limited
2008 - present	Senior Consultant CEC International Limited (Thailand Branch)
1990 - present	Director Packs Global Trading Company Limited
1982 - present	Director K.P.C. Enterprise Company Limited
1977 - present	Director Oil-Tex (Thailand) Company Limited
2013 - 2014	Director KPC-TDI Company Limited



Mr. Viwat Kraipisitkul

61 (year)

Director (10 June 2015)

Chief of Executive Director (13 October 2015)

Chief of Risk Committee (28 January 2016)

Member of Nomination and Remuneration Committee
(13 October 2015)

Authorized Director²

Education / Training

- Bachelor of Science in Industrial Management Technology, Chandrakasem Rajabhat University, Thailand
- Master Degree in Industrial Technology, Chandrakasem Rajabhat University, Thailand
- Director Accreditation Program (DAP) 128/2016, Thai Institute of Directors Association (IOD)

Proportion of holding company share (percentage)¹

31.0%

Relationship between Director and Management

Father of Ms. Thantaporn Kraipisitku and
Mr. Tanawat Kraipisitkul

Experiences

2015 - present	Director Chief of Executive Director Chief of Risk Committee Member of Nomination and Remuneration Committee Sermasang Power Corporation Public Company Limited	2015 - present	Sermasang Infinite Company Limited Director
2016 - present	Director Unity I. Capital Limited	2016 - present	Essential Power Company Limited Director Kao Tao Paradise Beach Company Limited
2016 - present	Director SNNP Intertrade Company Limited	2013 - present	Director Sermasang Corporation Company Limited
2015 - present	Director Sermasang Solar Company Limited	2013 - present	Director Triple P Renewable Company Limited
2015 - present	Director	2011 - present	Director Absolute Palm Company Limited
		2011 - present	Director K.H. Paper Mill Company Limited
		2010 - present	Chairman Sermasang Palangngan Company Limited
		2003 - present	Director Kim Heng Daily Food Company Limited
		1996 - present	Director Srijaroen Piboon Pattana Company Limited
		1994 - present	Director Siam Ratchaburi Company Limited
		1991 - present	Director Kim Heng Food Products Company Limited
		1991 - present	Chief of Executive Committee Srinanaporn Marketing Company Limited
		2016 - 2017	Chairman Sermasang Power Corporation Public Company Limited
		2015 - 2016	Chief of Executive Officer Sermasang Power Corporation Public Company Limited



Assoc. Prof. Samrieng Mekkriengkrai
63 (year)

Independent Director (28 October 2015)

Chief of Audit Committee (28 October 2015)

**Chief of Nomination and Remuneration Committee
 (28 October 2015)**

Education / Training

- Bachelor of Laws, Chulalongkorn University, Thailand
- Master of Laws (LL.M.), University of Miami, USA
- Certification of The Thai Bar, The Thai Bar Under the Royal Patronage
- Director Certification Program (DCP) 96/2007, Thai Institute of Directors Association (IOD)
- Advanced Audit Committee Program (AACP) 20/2007, Thai Institute of Directors Association (IOD)
- Financial Statement for Directors (FSD) 9/2010, Thai Institute of Directors Association (IOD)
- Monitoring Fraud Risk Management (MFM) 2/2010, Thai Institute of Directors Association (IOD)

Proportion of holding company share (percentage)¹

-

Relationship between Director and Management

-none-

Experiences

- | | |
|-----------------------|---|
| 2015 - present | Independent Director
Chief of Audit Committee
Chief of Nomination and Remuneration Committee
Sermsang Power Corporation Public Company Limited |
| 2016 - present | Director
SM International Law Firm Company Limited |
| 2014 - present | Special Lecturer
Faculty of Law, Chulalongkorn University |
| 2012 - present | Independent Director
Member of Nomination and Remuneration Committee
Unique Engineering and Construction Public Company Limited |
| 2007 - present | Audit Committee
Independent Committee
Remuneration Committee
Corporate Governance and Nomination Committee
Thaicom Public Company Limited |
| 1990 - present | Executive Director
Office of The Consumer Protection Board of Thailand |
| 2010 - present | Legal Researcher
Chulalongkorn University |
| 2014 - 2016 | Independent Director
Eternal Energy Public Company Limited |



Mr. Asathai Rattanadilok Na Phuket
61 (year)
Independent Director (2 November 2015)
Audit Committee (2 November 2015)

Education / Training

- Bachelors of Law, RamKhamhaeng University, Thailand
- Master of Political Science, Politics and Government, Thammasat University, Thailand
- Ph.D. in Management Sciences, Rajamangala University of Technology Thanyaburi (RMUTT), Thailand
- Top Executive Program: Vision and Morality Leadership, The Office of Civil Service Commission
- Advanced Certificate Course in Public Administration and Law for Executives, King Prajadhipok's Institute
- Top Executive Program, The Office of Civil Service Commission
- Senior Executives on Criminal Justice Administration, National Academy of Criminal Justice of Judiciary
- Thailand Insurance Leadership Program, Office of Insurance Commission
- Executive Program in Energy Literacy for a Sustainable Future Program (TEA Class 6), Thailand Energy Academy
- Good Governance for Medical Executives Program, The Medical Council of Thailand
- Advanced Political and Electoral Program: APED V, Election Commission of Thailand
- Director Accreditation Program (DAP) 128/2016, Thai Institute of Directors Association (IOD)

Experiences

- | | |
|-----------------------|---|
| 2015 - present | Independent Director and Audit Committee
Sermang Power Corporation
Public Company Limited |
| 2106 - present | Director
Thailand Privilege Card Company Limited |
| 2015 - present | Specialist
Office of the Election Commission of Thailand |
| 2013 - 2014 | General Director
Department of Land Transportation |

Proportion of holding company share (percentage)¹

-

Relationship between Director and Management

-none-



Mr. Dhana Bubphavanich

48 (year)

Independent Director (28 October 2015)

Audit Committee (28 October 2015)

Education / Training

- Bachelor of Business Administration in Accounting and Finance, Thammasat University
- Master of Science (MS), Finance, Pace University, USA
- Director Accreditation Program (DAP) 87/2011, Thai Institute of Directors Association (IOD)

Proportion of holding company share (percentage)¹

-

Relationship between Director and Management

-none-

Experiences

2015 - present	Independent Director Audit Committee Sermsang Power Corporation Public Company Limited
2017 - present	Executive Vice President (Finance) Kulthorn Kirby Public Company Limited
2017 - present	Director Kulthorn Kirby Foundry Company Limited
2017 - present	Director Kulthorn Kirby Foundry Company Limited
2017 - present	Director Kulthorn Steel Company Limited
2017 - present	Director Kulthorn Materials and Controls Company Limited
2017 - present	Director Kulthorn Metal Products Company Limited
2015 - present	Director The Whitespace Company Limited
2011 - present	Director Master Car Rental Company Limited
2016 - 2017	Director Bevpro Asia Company Limited



Ms. Thantaporn Kraipisitkul

37 (year)

Director (10 June 2015)

Member of Executive Committee (13 October 2015)

Member of Risk Committee (28 January 2016)

Member of Nomination and Remuneration Committee
(13 October 2015)

Deputy Chief Executive Officer (19 April 2017)

Authorized Director²

Education / Training

- Bachelor Degree of Economic Faculty, Thammasat University
- Master Degree of Arts in Business and Managerial Economics, Chalalongkorn University
- MSc of Finance, Imperial College Business School
- Director Accreditation Program (DAP) 128/2016, Thai Institute of Director (IOD)

Proportion of holding company share (percentage)¹

23.0%

Relationship between Director and Management

Child of Mr. Viwat Kraipisitkul and Mrs. Thanyanee Kraipisitkul /
Sister of Mr. Tanawat Kraipisitkul

Experiences

2015 - present	Director / Member of Executive Committee Member of Risk Committee Member of Nomination and Remuneration Committee Deputy of Chief of Executive Officer Sermasang Power Corporation Public Company Limited	2015 - present	Director Grow Global (Thailand) Limited
2016 - present	Director Unity I. Capital Limited	2014 - present	Executive Director Sermasang International Company Limited
2016 - present	Executive Director S. Global Power Limited	2014 - present	Executive Director Siam Renewable Power Company Limited
2016 - present	Executive Director Surge Energy Limited	2014 - present	Executive Director Sermasang Solar Company Limited
2015 - present	Executive Director Sermasang Infinite Company Limited	2014 - present	Executive Director Siam Clean Solution Company Limited
2015 - present	Executive Director Prestige Group Company Limited	2014 - present	Director Kao Tao Paradise Beach Company Limited
2015 - present	Executive Director Essential Power Company Limited	2014 - present	Director Plus Energy Company Limited
		2014 - present	Director Principle Power Company Limited
		2014 - present	Director Primary Energy Company Limited
		2014 - present	Director T.K.H. Food Products Company Limited
		2014 - present	Director Uni Power Tech Company Limited
		2013 - present	Executive Director Sermasang Corporation Company Limited
		2013 - present	Director Triple P Renewable Company Limited
		2012 - present	Director Thai Faster Products Company Limited
		2011 - present	Director Sermasang Palangngan Company Limited
		2008 - present	Director T.K.H. Trading and Services Company Limited
		2014 - 2016	Director Siam Biogas Company Limited
		2014 - 2016	Director Access Energy Company limited



Mr. Tanawat Kraipisitkul

33 (year)

Director (28 October 2015)

Member of Executive Committee (28 October 2015)

Senior Vice Precedent - Business development
(13 October 2015)

Education / Training

- Bachelor of Engineering (B.Eng.) in Mechanical Engineering, Mahidol University, Thailand
- Master of Business Administration (MBA), Sasin Graduate Institute of Business Administration of Chulalongkorn University
- Director Accreditation Program (DAP) 141/2017 Thai Institute of Directors Association (IOD)

Proportion of holding company share (percentage)¹

23.0%

Relationship between Director and Management

Child of Mr. Viwat Kraipisitkul and Mrs. Thanyanee Kraipisitkul /

Brother of Ms. Thantaporn Kraipisitkul

Experiences

2015 - present	Director	2014 - present	Director
	Member of Executive Committee		Uni Power Tech Company Limited
	Senior Vice Precedent - Business development	2014 - present	Director
	Sermasang Power Corporation Public Company Limited		Principle Power Company Limited
2016 - present	Director	2014 - present	Director
	Unity I. Capital Limited		Primary Energy Company Limited
2016 - present	Director	2013 - present	Director
	Kim Heng Daily Food Company Limited		Bangkok Retail Company Limited
2016 - present	Director	2013 - present	Director
	S. Global Power Limited		Vivat Agriculture Company Limited
2016 - present	Director	2015 - present	Senior Vice Precedent - Engineering
	Surge Energy Limited		Sermasang Palangngan Company Limited
2015 - present	Director	2013 - present	Director
	Grow Global (Thailand) Limited		Sermasang Palangngan Company Limited
2014 - present	Director	2015 - 2017	Director
	Kao Tao Paradise Beach Company Limited		Prestige Group Company Limited
2014 - present	Director	2015 - 2017	Director
	T.K.H. Food Products Company Limited		Sermasang Infinite Company Limited
		2015 - 2017	Director
			Essential Power Company Limited
		2014 - 2017	Director
			Plus Energy Company Limited
		2014 - 2017	Director
			Siam Clean Solutions Company Limited
		2014 - 2017	Director
			Siam Renewable Power Company Limited
		2014 - 2017	Director
			Sermasang Solar Company Limited
		2014 - 2017	Director
			Sermasang International Company Limited
		2013 - 2017	Director
			Triple P Renewable Company Limited
		2013 - 2017	Director
			Sermasang Corporation Company Limited
		2014 - 2016	Director
			Siam Biogas Company Limited
		2014 - 2016	Director
			Access Energy Company Limited



Mr. Varut Tummavaranukub

35 (year)

Director (28 October 2015)

Member of Executive Committee (28 October 2015)

Member of Risk Committee (28 January 2016)

Chief Executive Officer (25 October 2015)

Chief Operation Officer (Acting for)

(13 October 2015)

Authorized Director²

Education / Training

- Bachelor of Science (B.Sc.), Electrical and Computer Engineering, Purdue University, USA
- Master of Science (M.Sc.), Finance, General, Chulalongkorn University, Thailand
- Director Accreditation Program (DAP) 128/2016, Thai Institute of Directors Association (IOD)

Proportion of holding company share (percentage)¹

-

Relationship between Director and Management

-none-

Experiences

2015 - present Director
 Member of Executive Committee
 Member of Risk Committee
 Chief of Executive Officer
 Chief of Operation Officer (Acting for)
 Sermasang Power Corporation Public Company Limited

2017 - present Director
 Chief of Executive Officer
 Chief of Operation Officer (Acting for)
 Sermasang Palangngan Company Limited

2017 - present Executive Director
 Plus Energy Company Limited

2017 - present Director
 Sermasang Solar Company Limited

2017 - present Director
 Sermasang Infinite Company Limited

2016 - present Executive Director
 Access Energy Company Limited

2016 - present Executive Director
 Access C Management Limited

2016 - present Executive Director
 Triple P Renewable Company Limited

2016 - present Director
 Prestige Group Company Limited

2016 - present Director
 Siam Clean Solutions Company Limited

2016 - present Director
 Siam Renewable Power Company Limited

2016 - present Director
 Sermasang Corporation Company Limited

2016 - present Director
 Sermasang International Company Limited

2015 - present Executive Director
 Seijo Corporation

2017 - present Director
 Essential Power Company Limited

2014 - present Director
 H.J.Y. Group Company Limited

2013 - 2016 Director
 TNG Services Company Limited

2013 - 2015 Consultant
 Sermasang Palangngan Company Limited

2013 Director
 Sun Rooftop Company Limited

2013 Director
 Rooftop Solar Energy Company Limited

2012 - 2013 Director
 Wind Energy Development Company Limited



Mrs. Thanyanee Kraipisitkul

61 (year)

Director (28 October 2015)

Education / Training

- Diploma of Marketing, Sahapanich Business Technological Colleg
- Director Accreditation Program (DAP), 143/2017 Thai Institute of Directors Association (IOD)

Proportion of holding company share (percentage)¹

-

Relationship between Director and Management

Mother of Ms. Thantaporn Kraipisitku and Mr. Tanawat Kraipisitkul

Experiences

2015 - present	Director Sermsang Power Corporation Public Company Limited
2017 - present	Director Access C Management Limited
2016 - present	Director Vertical Holding Company Limited
2016 - present	Director Srinanaporn Marketing Company Limited
2013 - present	Director Vivat Agriculture Company Limited
2013 - present	Director Srisiam Food Products Company Limited
2011 - present	Director T.K.H. Wood Power Company Limited
2007 - present	Director Siam Daily Food Product Company Limited
2003 - present	Director Kim Heng Daily Food Company Limited
2014 - 2016	Director Access Energy Company Limited
2014 - 2015	Director Sermsang Solar Company Limited
2014 - 2015	Director Plus Energy Company Limited
2014 - 2015	Accounting Officer Herman Chan CPA & Co



Management



Mr. Varut Tummavarasukub

35 (year)

Director (28 October 2015)

Member of Executive Committee (28 October 2015)

Member of Risk Committee (28 January 2016)

Chief Executive Officer (25 October 2015)

Chief Operation Officer (Acting for

(13 October 2015)

Authorized Director²

(See description at the Board of director profile)



Ms. Thantaporn Kraipisitkul

37 (year)

Director (10 June 2015)

Member of Executive Committee (13 October 2015)

Member of Risk Committee (28 January 2016)

Member of Nomination and Remuneration Committee
(13 October 2015)

Deputy Chief Executive Officer (19 April 2017)

Authorized Director²

(See description at the Board of director profile)



Mr. Tanawat Kraipisitkul

33 (year)

Director (28 October 2015)

Member of Executive Committee (28 October 2015)

**Senior Vice President - Business development
(13 October 2015)**

(See description at the Board of director profile)



Mr. Natthapatt Tanboon-ek

42 (year)

Chief Financial Officer

(24 April 2017)

Education / Training

- Bachelor of Engineerings (Electrical), Chulalongkorn University
- Master of Business Administration (Finance), University of Baltimore

Proportion of holding company share (percentage)¹

-

Relationship between Director and Management

-none-

Experiences

2017 - Present	Chief Financial Officer Sermang Power Corporation PLC.
1996 - Present	Director Dynatox Labs (Thailand) Co., Ltd.
2015 - 2017	Senior Vice President - Treasurer Glow Energy PLC.
2008 - 2015	Vice President - Finance and Investor Relations Glow Energy PLC.



Ms. Phonkamon Hongwilai

32 (year)

AVP – Account and Treasury

(26 June 2017)

Education / Training

- Bachelor of Commerce and Accountancy
Chulalongkorn University

Proportion of holding company share (percentage)¹

-

Relationship between Director and Management

-none-

Experiences

2017 - Present	AVP - Account and Treasury Sermang Power Corporation Public Company Limited)
2009 - 2017	Audit Manager EY Office Limited



Mr. Thanatis Thaninkulnipat

36 (year)

AVP – Finance & Investor Relations

(30 August 2017)

Education / Training

- Bachelor of Engineering (B.Eng.) in Electrical Engineering,
King Mongkut's Institute of Technology Ladkrabang
- Master of Business Administration (MBA) in Finance,
National Institute of Development Administration (NIDA)

Proportion of holding company share (percentage)¹

-

Relationship between Director and Management

-none-

Experiences

2017 - present	AVP - Finance & Investor Relations Sermang Power Corporation Public Company Limited
2015 - 2017	Financial analysis Manager Glow Energy Public Company Limited
2010 - 2015	Financial analyst Glow Energy Public Company Limited



Ms. Sarmornmart Chaiphatikarn

32 (year)

Company Secretary

(13 October 2015)

Education / Training

- Bachelor of Law, Thammasat University
- Lawyer Licence, Lawyers Council of Thailand
- Degree of Barrister at Law, Institute of Legal Education of the Thai Bar Association
- Master of Law, University of Aberdeen
- Notarial Services Attorney Training Course, Lawyers Council of Thailand
- Company Secretary Program (CSP) 69/2559, Thai Institute of Directors Association (IOD)

Proportion of holding company share (percentage)¹

-

Relationship between Director and Management

-none-

Experiences

2015 - present	Company Secretary, Secretary of Audit Committee, Secretary of Executive Committee, Secretary of Risk Committee Sermasang Power Corporation Public Company Limited
2015-2016	Secretary of Nomination and Remuneration Committee Sermasang Power Corporation Public Company Limited
2015	Director Sermasang Power Corporation Public Company Limited
2014 - 2015	Corporate and Commercial Lawyer Sermasang Palangngan Company Limited
2014 - 2015	Director Cleanovation Energy Company Limited

Note :

¹ Shareholding, including both direct and indirect holding, before the Initial Public Offering

² Signing of 2 out of 3 authorized directors to bind the company

Policy and Overview of Business Operation

1. Vision, missions, targets, and strategies of business

1.1 Vision

Sermsang Power Corporation Public Company Limited (“Company” or “SSP”) and its companies within the group has vision as follow:

“Moving toward a leading power company in Asia, by engaging in sustainable power production and sourcing, as well as promoting sustainable clean environment for the best benefits of society”

1.2 Missions

Our group determines to support our staffs and organization to have roles in sustainable development of the future, by utilizing our expertise in selecting appropriate technologies and dynamically allocating resources to provide solution for efficient and effective sustainable power demand.

1.3 Targets and strategies

Our group has targets to be leading power producer utilizing internal technologies in developing projects, in order to support clean and sustainable environment for the best benefits of society. Strategies to achieve our targets can be outlined below:

- (1) Focus and determine to invest and develop various renewable power projects, i.e. solar power, wind power, biomass/biogas power, within both domestically and in Asia, with targeted capacity of 200 MW within 2020.
- (2) Promote and support surrounding communities to participate in our development of projects, by enhancing understandings of renewable power projects, from development to operation phase, supporting job creation in surrounding communities. Our focus is to ensure good living in surrounding communities, as well as co-ordinate with surrounding communities in protecting environment.
- (3) Focus on human resource development to enhance know-how and expertise.



2. Development of the Company

2.1 Overview

In 2012, Kraipisitkul family, major shareholder group of Company, has vision on renewable power businesses opportunity, as a result of the announcement of tax and adder scheme (10 years after COD) for SPP and VSPP. As such, they established Sermsang Palang Ngan Co., Ltd. (“SPN”) and applied for SPP capacity with Electricity Generating Authority of Thailand (“EGAT”), and eventually been selected to enter into Power Purchase Agreement (PPA) with EGAT for contracted capacity of 40 MW. The PPA of SPN was signed on 7 June 2013 and SPN project’s construction completed, and started commercial operation (COD) on 2 February 2015.

On 16 June 2015, major shareholders established Sermsang Power Corporation Co, Ltd. (“SSP”), in order to restructure shareholding structure of the group and prepare to be listed in MAI. SSP has objective to be a holding company of other companies within the group, which engage in renewable power and related businesses.

During October 2015 - March 2016, our group engaged in restructuring by having SSP to hold stake in all current companies within the group. As of 31 December 2017, companies within the group consisted of:



Subsidiaries in Thailand

- (1) Sernsang Palang Ngan Co., Ltd. (“SPN”)
- (2) Access Energy Co, Ltd. (“AE”)
- (3) Essential Power Co., Ltd. (“EP”)
- (4) Plus Energy Co., Ltd. (“PE”)
- (5) Prestige Group Co., Ltd. (“PTG”)
- (6) Triple P Renewable Co., Ltd. (“PPP”)
- (7) Sian Clean Solution Co., Ltd. (“SCS”)
- (8) Sian Renewable Power Co., Ltd. (“SRP”)
- (9) Sernsang Solar Co., Ltd. (“SS”)
- (10) Sernsang Corporation Co., Ltd. (“SSC”)
- (11) Sernsang International Co., Ltd. (“SI”)
- (12) Sernsang Infinite Co., Ltd. (“SN”)

Subsidiaries in foreign countries

- (13) S. Global Power Limited¹ (“SGP”)
- (14) Surge Energy Corporation Limited² (“SEG”)
- (15) Access C Management Limited³ (“ACM”)
- (16) Seijo Corporation⁴ (“SJC”)
- (17) Sernsang Sustainable Singapore Private Limited (“SSSG”)
- (18) Tenunn Gerel Construction LLC (“TGC”)

GK Operator (under GK-TK investment structure) that SEG (as TK investor) entered into TK Agreement with

- (19) SS Hidaka No Mori G.K.⁵ (“SSH”)
- (20) GSSE G.K.⁶ (“GSSE”)
- (21) Zouen Energy G.K.⁷ (“ZOUEN”)
- (22) Ashita Power 1 G.K.⁸ (“ASP1”)
- (23) Ashita Power 2 G.K.⁹ (“ASP2”)

¹ Established in Hong Kong with 100% shareholding by SI

² Established in Hong Kong with 100% shareholding by SGP

³ Established in Hong Kong with 100% shareholding by AE

⁴ Established in Japan with 100% shareholding by ACM

⁵ Established in Japan; SEG invest in Hidaka project as TK investor under GK-TK structure for 86.9% of total TK investment

⁶ Established in Japan; SEG invest in Yamaga project as TK investor under GK-TK structure for 90% of total TK investment

⁷ Established in Japan; SEG invest in Zouen project as TK investor under GK-TK structure for 100% of total TK investment

⁸ Established in Japan; SEG invest in Leo project as TK investor under GK-TK structure for 100% of total TK investment

⁹ Established in Japan; SEG invest in Leo project as TK investor under GK-TK structure for 100% of total TK investment

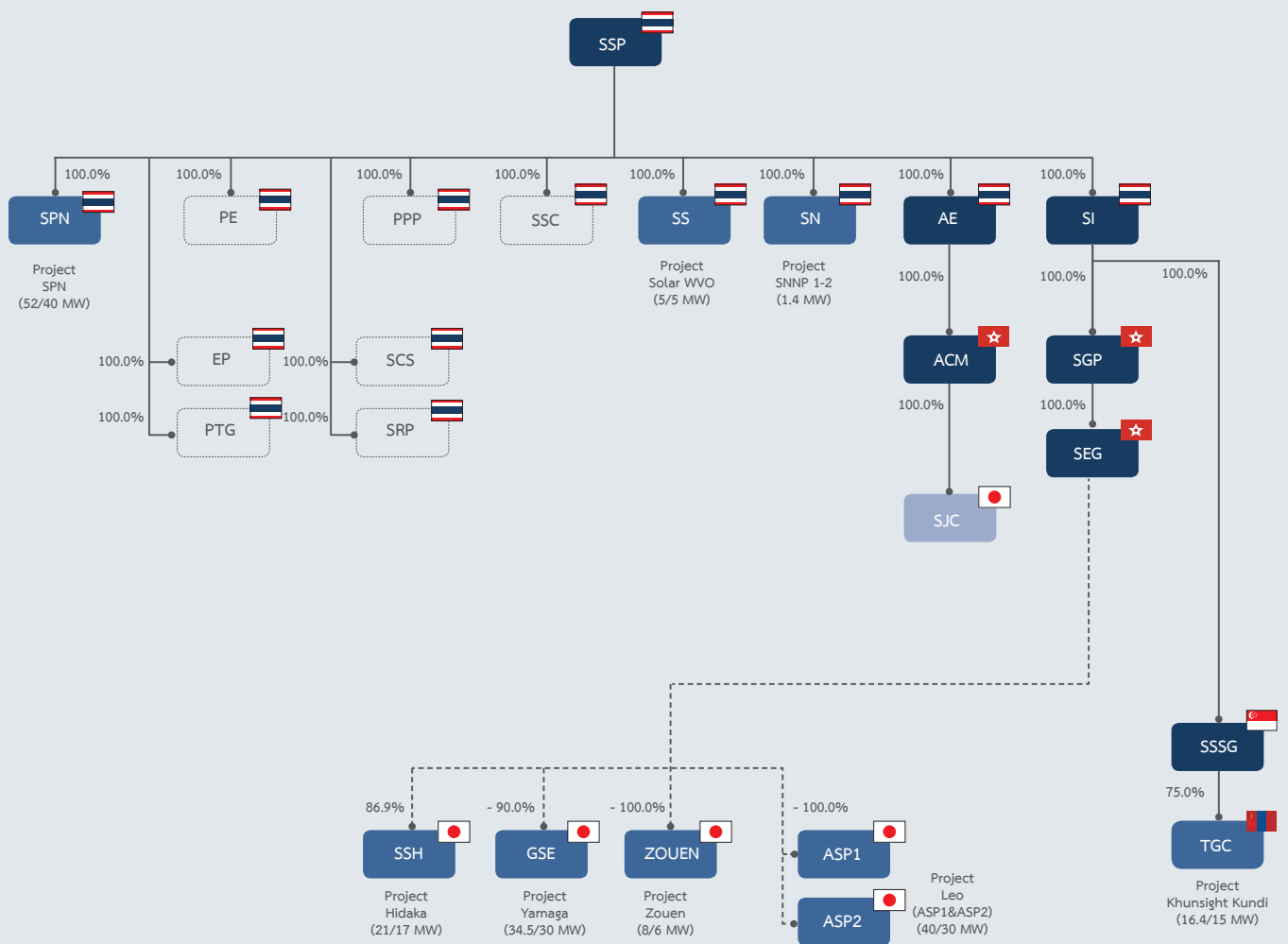
2.2 Key Development

Year	Key Development
2010	<ul style="list-style-type: none"> Mr. Viwat Kraipisitkul and other 2 shareholders (non-related persons) established SPN on 5 January 2010. Eventually, Kraipisitkul family acquire shares from the other 2 shareholders, resulting to 100% shareholding of Kraipisitkul family in SPN. SPN submitted application for non-firm SPP quota to EGAT for the capacity of 40 MW (connected to PEA's grid at Koksumrong substation)
2012	<ul style="list-style-type: none"> Award of SPP quota to SPN with adder of 6.5 THB/kW-h for the period of 10 years after COD.
2013	<ul style="list-style-type: none"> SPN entered in to PPA with EGAT on 7 June 2013, for the contracted capacity of 40 MW at 115 kV. Contract tenor is 5 years with each renewal of 5 years period. Adder of 6.5 THB/kW-h for 10 years after COD is contained. SPN obtained BOI's tax privileges on November 2013.
2014	<ul style="list-style-type: none"> SPN entered into key development and construction agreements consisted of: <ol style="list-style-type: none"> (1) EPC contract for design and construction of the plant; (2) Project finance agreements with financial institutions; and (3) O&M contract SPN obtained key licenses for operation of solar power plant, including construction license, control energy production license ("Por.Kor.2"), power production license ("Por.Kor.4"), and factory license ("Lor.Ngor. 4").
2015	<ul style="list-style-type: none"> SPN project's construction completed, and the project start commercial operation (COD) on 2 February 2015, sold to EGAT for the contract capacity of 40MW. Major shareholder group (Kraipisitkul family) established SSP on 16 June 2015, to be holding company of all investment of renewable power and related business of the group. Restructuring of shareholding structure within the group, by having SSP to acquire stakes in SPN, AE, EP, PE, PTG, SCS, SRP, SS, SSC, SI, and SN from major shareholder (Kraipisitkul family and non-related persons). As a result, SS hold 100% stakes in all entities mentioned, to support investment of renewable power and related business in both domestically and in foreign countries of the group. Establishing SGP and SEG in Hong Kong, in August and November of 2015, respectively, to support investment in foreign countries of the group.
2016	<ul style="list-style-type: none"> Establishing ACM in Hong Kong, in March 2016, to support investment in foreign countries of the group. ACM acquired all stakes in SJC and (Japanese subsidiaries) and PPP from related parties, to support future investment in Japan. SEG, 100% subsidiary in Hong Kong, entered into investment (as TK investor) with SSH under GK-TK structure for investment of solar projects in Japan. SEG invested for 86.9% of total TK investment. The project has contracted capacity of 17 MW and located in Hidaka, Hokkaido, Japan. Key development, investment, and construction contracts of Hidaka project was signed during the second and third quarter of 2016. The construction started commenced on August 2016. In the fourth quarter of 2016, SEG, 100% subsidiary in Hong Kong, entered into investment (as TK investor) with GSSE under GK-TK structure. SEG invested for 90% of total TK investment. The project has contracted capacity of 30 MW.

Year	Key Development
2017	<ul style="list-style-type: none"> • In the first quarter of 2017: <ul style="list-style-type: none"> - SN entered in to investment for solar rooftop project. The project is with Srinanaporn Marketing Co., Ltd. (related persons). The installed capacity of project is 384 kW with 25 years tenor - SEG, 100% subsidiary in Hong Kong, entered into investment (as TK investor) with ZOUEN under GK-TK structure. SEG invested for 100% of total TK investment. The project has contracted capacity of 6 MW. • In the second quarter of 2017: <ul style="list-style-type: none"> - Group (through SS), under co-operation with WVO, submitted proposals for solar projects under Co-operative and Government Agency solar scheme 2017, as co-investor. SS is 100% Thai subsidiary. • In the third quarter of 2017: <ul style="list-style-type: none"> - Group entered into Land Purchase Agreement for Leo project (contracted capacity of 30 MW). Key conditions of this agreement included the validity and transfer of METI approval and grid connection approval, and the seller cannot negotiate and/or transfer rights of this project to other parties. - Group entered into Framework Agreement for Yamaga 2 project (contracted capacity of 10 MW). The group will invest 100% of total TK investment in this project, and will eventually enter into definitive agreement for development and investment in this project. - SN entered into another PPA with Srinanaporn Marketing Co., Ltd, for installed capacity of 998 kW. • In the fourth quarter of 2017: <ul style="list-style-type: none"> - Zouen project started commencing construction in October 2017 - Establishing Sermasang Sustainable Singapore Private Limited (SSSG) in Singapore, for supporting investment in foreign countries. The holding of SSSG is through SI. - Group entered into agreements related to investment of Khunsight Kundi, in Mongolia, for shareholding stake of 75%. The shareholding in this project is through SSSG. The project has contracted capacity of 15 MW, with installed capacity of 16.4 MW. - SEG, 100% subsidiary in Hong Kong, entered into investment (as TK investor) with Ashita Power 1 GK and Ashita Power 2 GK under GK-TK structure. SEG invested for 100% of total TK investment in Leo Solar farm project in Japan. The project has contracted capacity of 30 MW, with installed capacity of 40 MW.

3. Group Structure

As of 31 December, 2017, Group has shareholding structure as follow:





Business Descriptions

1. Overview and Revenue Structure

Company is a holding company, investing in renewable power and related business in both domestically and in foreign countries. Currently, Company has renewable project as per below.

As of 31 December, 2017, Company and its subsidiaries has one project under commercial operation, six projects under construction, and three projects under development as follow:

1.1 Project under commercial operation with total installed capacity of 52 MW being:

- 1) SPN project (in Thailand): installed capacity of 52 MW, started commercial operation on 2 February 2015.

1.2 Projects under construction, 6 projects with total installed capacity of 81.3 MW being:

- 1) Hidaka project (in Japan): installed capacity of 21.0 MW
- 2) Yamaga project (in Japan): installed capacity of 34.5 MW
- 3) Zouen project (in Japan): installed capacity of 8.0 MW
- 4) SNNP1 project (in Thailand): installed capacity of 0.4 MW
- 5) SNNP2 project (in Thailand): installed capacity of 1.0 MW
- 6) Khunshight Kundi (in Mongolia): installed capacity of 16.4 MW

1.3 Project under development (not start construction yet), 3 projects with total installed capacity of 57.5 MW being :

- 1) Leo project (in Japan): installed capacity of 40.0 MW
- 2) Yamaga 2 project (in Japan): installed capacity of 12.5 MW
- 3) WVO solar project (in Thailand): installed capacity of 5.0 MW

In addition, our group is also exploring investment opportunities for additional renewable energy businesses both in Thailand



and foreign countries, i.e. solar rooftop projects, solar farm in Japan, and other projects in ASEAN region.

We consider businesses of our group divided into 2 groups as:

1) Solar power business, which further divided into

- Solar farm business in Thailand, which consisted of (1) SPN project in Lopburi province, and (2) WVO solar project in Ratchaburi province, which have total installed capacity of 57.0 MW.
- Solar farm business in foreign countries, which consisted of (1) Hidaka project, (2) Yamaga project, (3) Zouen project, (4) Leo project, (5) Yamaga 2 project (total installed capacity in Japan of 116 MW), and (6) Khunsight Kundi project, which have total installed capacity of 132.4 MW.
- Solar rooftop business in Thailand, which consisted of (1) SNNP1 project and (2) SNNP2 project, which have total installed capacity of 1.4 MW.

2) Other renewable businesses, i.e. wind farm power plant,

biomass power plant, biogas power plant, waste-to-energy power plant, etc. Currently, Company has no investment in other renewable businesses.



As of 31 December, 2015, 2016, and 2017, revenue structure of our group can be summarized as follow:

Revenue	Consolidated Financial Statement					
	Fiscal year ended 31 Dec 2015		Fiscal year ended 31 Dec 2016		Fiscal year ended 31 Dec 2017	
	Amount (MTHB)	% ¹	Amount (MTHB)	% ¹	Amount (MTHB)	% ¹
Revenue from Solar Farm business in Thailand						
Revenue from electricity tariff (base tariff + Ft)	292.9	34.3	285.6	32.6	283.8	32.4
Revenue from Adder	553.3	64.9	583.6	66.6	587.9	67.0
Total Sale Revenue	846.2	99.2	869.2	99.1	871.7	99.4
Other Revenue ²	6.4	0.8	7.5	0.9	5.4	0.6
Total Revenue	852.6	100.0	876.7	100.0	877.1	100.0

Note: : ¹ percentage of total revenue

² Other revenue included machine import duty, interest revenue, contribution from power development fund, etc.

2. Business descriptions

2.1 Products and Services

(1) Solar Farm business in Thailand

SPN Project

SPN entered in to PPA with EGAT for the contracted capacity of 40 MW. SPN's PPA is non-firm type, which means no minimum power requirement to supply to EGAT. PPA is 5-years period, and can be extended for 5 years per extension. Adder for this project is 6.5 THB/kW-h for the period of 10 years after Commercial Operation Date (COD). Company has policy to extend the PPA contract until the end of the project, which is typically 25 years period.

SPN project has key details as follow:

Subject	Details
Project Company	SPN
Shareholding by Company	100%
Location	Koksamrong, Lopburi, Thailand
Area	889-0-55 Rai
Installed/Contracted capacity	52/40 MW
Off taker	EGAT
Tariff	Base tariff + Ft + Adder of 6.5 THB/kW-h
Status	Under commercial operation
COD	2 February 2015
Solar panel technology	Thin Film Silicon





Picture of SPN Project in Lopburi, Thailand, with contracted capacity of 40 MW
(Under commercial operation)



WVO solar project (in Ratchaburi)

WVO solar project (in Ratchaburi) is invested through SS (our Thai subsidiary) as co-investor with War Veteran Organization of Thailand (WVO) as owner of the project. This project is under Co-operative and government entity solar scheme 2017.

Subject	Details
Project Company	SS
Shareholding by Company	100%
Location	Ratchaburi, Thailand
Area	51 Rai
Installed/Contracted capacity	5/5 MW
Off taker	PEA
Tariff	Feed-in Tariff of 4.12 THB/kW-h (25 years flat for the whole period)
Status	Under contractor selection and construction preparation stage
COD	Within 31 December 2018
Solar panel technology	Poly Crystalline Silicon

(2) Solar farm business in foreign countries

Currently, solar farm business in foreign countries consisted of investment in projects in Japan and Mongolia, as follows

Solar farm business in Japan

Investment in solar farm business in Japan is under GK-TK structure, in 5 projects as follow:

Project	Hidaka	Yamaga	Zouen	Leo	Yamaga 2
Project Company	SSH	GSSE	ZOUEN	Ashita Power 1 and Ashita Power 2	TBD
Investment proportion (of total TK investment)	86.9%	90.0%	100%	Approximately 100%	Approximately 100%
Location	Hokkaido	Kumamoto	Kumamoto	Shizuoka	Kumamoto
Installed Capacity (MW)	21.0	34.5	8.0	40.0	12.5
Contracted Capacity (MW)	17.0	30.0	6.0	30.0	10.0
Tenor	20 years	20 years	20 years	20 years	20 years
Expected COD	1 st quarter 2018	2 nd quarter 2020	4 th quarter 2018	2 nd quarter 2020	2 nd quarter 2020



Solar farm business in Mongolia

Currently, Company has 1 solar farm project in Mongolia, with following key details:

Project	Khunsight Kundi
Project Company	Tenuun Gerel Construction LLC (TGC)
Shareholding proportion	75%
Location	Khunsight, TUV, Mongolia approx. 40 KM on the south of Ulanbaatar (capital of Mongolia)
Installed capacity (MW)	16.4
Contracted capacity (MW)	15
Tenor	12 years (based on current PPA)
Expected COD	1 st quarter of 2019

3) Solar Rooftop business in Thailand

Project	SNNP 1	SNNP 2
Project Company	SN	SN
Shareholding proportion	100%	100%
Project type	Solar Rooftop	Solar Rooftop
Location	Samut Sakorn	Ratchaburi
Installed capacity (kW)	384	998
Tenor	25	25
Expected COD	1 st quarter 2018	2 nd quarter 2018





3. Market and Competition

3.1 Strategies

The Company has strategies for competition and expansion of renewable and related businesses consisted of (1) enhance efficiency of existing projects, (2) seeking to develop new renewable power projects organically, and (3) inorganic growth by merger and acquisition with details below:

(1) Enhance efficiency of existing projects, in order to maximize return from investment

- **Selection of technology** : our strategy is to select appropriate and quality technology and equipment, in order to ensure stabilized power generation.

For our current solar project, we choose solar panel from world class suppliers who are reputable solar panel producer, with proven expertise in both production and technology development for solar power plant. Panel producer also provided PV Output Warranty.

- **Selection of project location** : our strategy is to select project location based on following factors (1)

appropriate solar radiation, the Company will select the location of project based on appropriate solar radiation in order to get appropriate project return for shareholder and our Company group (2) geographical characteristics, i.e. land slope, soil strength, elevation level, and risks from natural disaster, (3) atmosphere (i.e. temperature), and (4) no grid connection constraints (in order to control development and construction cost)

- **Selection of EPC contractor and O&M service provider**: we focus on selection of EPC contractor and O&M service provider to have leading, experienced, reputable, financially strong contractor and service provider, as well as appropriate cost, in order to ensure reliable power generation and expected investment returns.
- **Monitoring**: we focus close monitoring and reporting of O&M service providers.

(2) Organic Growth

- **Domestic projects**: Company has readiness both in



terms of human resources and capital to capture business opportunities if and when arisen. We also keep monitoring government policy related to renewable power especially Power Development 2015 (PDP 2015) and Alternative Energy Development Plan 2015 (AEDP 2015), as well as business opportunities they may arisen from such policy.

- **Project in foreign countries** : Our Business Development team has experiences and expertise in renewable power industry, and continually study business opportunities having support from government, i.e. solar farm in Japan, Mongolia, opportunities in other countries in South East Asia, etc.

(3) Inorganic Growth

- Company may consider acquire wholly or partially renewable projects both in Thailand and foreign countries. Our focus included projects under development, projects under construction, and projects under commercial operation. Such acquisition on one hand will enable us to grow our business more

quickly, but on the other hand also depends on benefits that will bring to Company and our shareholders from each opportunity.

3.2 Customers

Currently, the Company engages in solar farm business with customers being Electricity Generating Authority of Thailand (EGAT), Provincial Electricity Authority of Thailand (PEA), industrial users, and utility companies in Japan, i.e. Hokkaido Electric Power Co., Limited, Kyushu Electric Power Co., Inc., and Tokyo Electric Power Company Holdings, Inc. etc.

In addition, for future business expansion in renewable power of the Company, we focus to enter into medium to long-term agreement with credible and financially strong offtakers, ie. Government agency, industrial users, or government concessionaire, in order to ensure long-term income with limited risk.



4. Environmental Impacts

For solar power projects in Thailand, the Company has complied to related regulations regarding environment, as part of license application and maintenance for construction and operation of our solar plants. In this regard, solar power plant does not require to engage in Environmental Impact Assessment (EIA) study.

However, required environmental report depends on type and installed capacity as follows:

Installed capacity	Type	
	Thermal	Non-Thermal
10 MW and more	EIA/EHIA	CoP
5 -10 MW	CoP + ESA	CoP + ESA
1,000 kVA and more	CoP	CoP

Note : The manual of power production – power production license, power distribution system and power distribution issued by Energy Regulation Commission (ERC), permit and license department.



For solar power projects in Japan, we have strictly followed and complied with environmental regulations and related laws, during construction license and operational license process. Regulation and related laws may be different on each part of Japan. We have established working team to study and engage in necessary actions in order to ensure strict compliance.

5. Undelivery Work

-Nil-

6. Future projects

Future projects, as of 31 December 2017, can be categorized based on status as follow:

1. Projects during construction: 6 projects with total installed capacity of 81.3 MW consisted of

- Solar projects in Japan: 3 projects consisted of
 - Hidaka project: installed capacity of 21 MW
 - Yamaga project: installed capacity of 34.5 MW
 - Zouen project: installed capacity of 8 MW
- Solar rooftop projects in Thailand: 2 projects, being SNNP1 and SNNP2 projects, with total installed capacity of 1.4 MW.
- Solar project in Mongolia: 1 project, being Khunsight Kundi, with installed capacity of 16.4 MW (construction preparation stage)

2. Projects during development (not start construction yet): 3 projects with total installed capacity of 57.5 MW consisted of:

- Solar projects in Thailand: 1 project, being WVO solar (in Ratchaburi), with installed capacity of 5 MW
- Solar projects in Japan: 2 projects, being Leo and Yamaga 2 project, with total installed capacity of 52.5 MW

Risk Factors

Risk factors as described below are some key factors that may negatively affect our business, financial status, operational performance, business opportunities, and price of our securities. In addition, there may be additional factors that we may not foresee currently, or may, in our view, not be material factor at current circumstance.

Forward-looking statements contained below, i.e. “believe(d)”, “estimate(d)”, “expect(ed)”, “plan(ned)”, “intend(ed)”, “project(ed)”, or financial projection, future project (s), performance projection/expectation, business operation, business expansion plan, change in related laws and regulations, and all other estimated/expected factors in the future, are our opinion at current circumstance. They are not factors to guarantee our business operation and future circumstance in any aspects. As such, future actual circumstance may be substantially/significantly deviates from our opinion.

Key risk factors of our business consist of (1) Risk associated to our Holding Company status, (2) Risk associated to business operation, (3) Risk associated to management of our business, (4) Financial Risk, (5) Risk associated to new projects and (6) Risk associated to common shares of the Company, can be divided into more details:

1. Risks associated to our Holding Company status

Company is a holding company in nature, without its own revenue generating operation. Therefore, its operational results and dividend payment depends on operation and dividend stream of subsidiaries. Currently, Company hold stakes in subsidiaries in Thailand and foreign countries, totaling 23 companies, which invested through GK-TK structure for solar projects in Japan for 5 companies.



Subsidiaries in Thailand has dividend payment policy for at least 70% of net profit, after deducting applicable income tax and required legal reserve, based on company-only financial statement of each company. Subsidiaries in foreign countries has dividend payment policy for at least 40% of net profit or retained earnings, after deducting reserves legally required, based on company-only financial statement of each company. However, subsidiaries may not be able to pay dividend to its shareholders due to certain constraints, i.e. conditions from loan agreement(s) with financial institution(s), requirement to reserve fund for expansion, and changes in laws/regulations of domicile country, etc. In such case, there may be impact to Company’s dividend revenue, which may result in negative impact to its financial results and financial status.

As of 31 December, 2017, SPN, a subsidiary operating solar farm in Thailand (SPN project), has project finance loan with financial institutions. The conditions of such loan include certain debt serviceability and financial covenants to be satisfied before payment of dividend. Therefore, Company has risk in case that SPN cannot pay dividend as a result of breach in debt serviceability or financial covenants, as well as cannot comply with terms and conditions of such loan



agreement. Nevertheless, since start of commercial operation, SPN has sufficient financial results and liquidity to continually pay dividend to shareholders.

For Hidaka, Yamaga, and Zouen project, as of 31 December, 2017, they are under construction, whereas Leo and Yamaga 2 project are under development (not start construction yet). Company invests in these project through GK-TK structure. Payment of sharing of profit from operation of these project is governed by TK agreement, entered into between Operator and TK investors, as well as conditions of project finance loan with financial institutions. Therefore, it has similar risk to SPN project as mentioned above.

For SNNP1 and SNNP2 project, solar rooftop project in Thailand, they are currently under construction. Company invested in these projects through SN, currently without project finance loan at project company. Therefore, SN has currently no constraints arisen from loan condition. However, SN may have additional risk on dividend payment ability if the development and/or construction of the project delay from plan, or in case that performance of the project is not per expectation, or in case that Company decide to procure project finance facilities for the project.

For Kunshight Kundi project, solar farm in Mongolia, it is currently under construction preparation stage. Company and other shareholders plan to use capital from shareholders during construction phase, and procure project finance facilities for the project after start of commercial operation (or close to start of commercial operation). Therefore, it has similar risk to SPN project as mentioned above.

2. Risks associated to business operation

Our group of companies currently engages in (1) generation and sell of renewable power in Thailand and foreign countries and (2) related business to renewable power generation and sell.

Our group has project under commercial operation phase, under construction phase, and under development phase. Therefore, we have risks associated to business operation as follow:

2.1 Risks on operation of solar power plant

Risks from lower radiation than expected level

Solar power plant heavily relies on solar radiation on its power generation. If the solar radiation is lower, which may be as a result of cloud, deviated atmosphere, etc, our plants may not be able to generate power at expected level. In such case, there may be negative effect to our financial results and financial status. Therefore, our group of companies has risks associated to solar radiation level, similar to other solar power producers.

However, location of our solar power plant in Thailand is close to equator, which typically has higher solar radiation level. Moreover, in site location assessment both in Thailand and in foreign countries, we studied historical data on solar radiation of each location, typically for 25-28 years track record from accountable source, i.e. from Ministry of Energy, NASA, New Energy Industrial Development Organization (NEDO), Meteoronorm, etc. Our focus is to ensure that site is located on location having appropriate radiation level to allow materialization of expected return on investment.

We also typically consider hiring technical advisor to assess various technical factors, i.e. solar radiation, site characteristics, and appropriate equipments for the project, etc, to be used for our investment decision.

Risks from higher/faster degradation than expected level

Solar panel is one of the key equipments of solar power plant. If the solar panel is degraded faster, or at higher level, than expected level, it may result in lower power generation of the plant and negatively affect financial results and financial status of the group of companies.

However, we have key warranty of our power plant as follow:

Project under commercial operation phase

• SPN project

(1) Warranty of panel : 10 years from commercial operation

date. If the panel has defect or broken, EPC contractor shall repair, modify, or replace the affected panel.

(2) Performance Ratio Warranty : 10 years and divided into 2 phase, being (1) from year 1 - 7 from commercial operation date and (2) year 8 - 10 from commercial operation date. If performance ratio falls below agreed level, EPC contractor or O&M service provider shall modify or compensate based on difference between actual power generated and level agreed in correspond agreement.

(3) PV Output Warranty : 25 years from commercial operation date. If performance of panel falls below agree level, EPC contractor shall repair, modify, or replace affected panel.

(4) Product Warranty : 5 - 10 years, depending on type of equipments, from commercial operation date. If equipments has defect or broken, EPC contractor shall repair, modify, or replace affected panel.

(5) Warranted Plant Availability : 10 years from commercial operation date. If plant availability factor is below agreed level, O&M service provider shall adjust and compensate based on difference between actual availability and level agreed in correspond agreement.

Projects under Construction

• Hidaka, Yamaga, and Zouen project

(1) Warranty of panel : 10 years from commercial operation date for Hidaka and Yamaga projects, and 2 years from commercial operation date for Leo project. If the panel has defect or broken, EPC contractor and/or panel manufacture shall repair, modify, or replace the affected panel.

(2) PV Output Warranty : 25 years from delivery of panel to the Hidaka and Yamaga projects and 20 years from delivery of panel to the Zouen project. If performance of panel falls below agreed level, EPC contractor and/or panel manufacturer shall repair, modify, or replace affected panel.

(3) Warranty of quality of construction : 2 years from completion of project construction. If warranted structure, system, oir equipments has defects, EPC contractor shall repair, modify, or replace affected part (or Operator can

repair, modify, or replace affected part and eventually reimburse the cost from EPC contractor)

- **SNNP 1 and SNNP 2 projects**

For SNNP1 and SNNP2, project is under construction, warranty on workmanship is for 3 years after contractor deliver works to SN.

- **Khunsight Kundi Project (in Mongolia)**

For Khunsight Kundi Project is under construction preparation stage, the Company is in negotiation with prospect EPC contractor/contractor and/or related parties. We have policy to secure warranty related to power production system in similar manner which our group currently have, or in-line with industrial practices.

Projects under development (not start construction yet)

- **WVO solar project, Leo project, and Yamaga 2 project**

For project under development, we are in negotiation with prospect EPC contractor/contractor and/or related parties. We have policy to secure warranty related to power production system in similar manner which our group currently have, or in-line with industrial practices.

Risks related to efficiency and reliability of power production proceses

Key factors affecting efficiency and reliability of power generation process includes (1) performance of key equipments in generation process, (2) inefficiency of panel due to hot weather, and (3) internal and external factors affecting availability of the plant (for example, internal factors such as technical issues, external factors such as stability and maintenance outage of transmission line, etc.)

However, for SPN project, we chose Thin Film Silicon technology, which, in our view, is suitable for hot weather. We also manage such risks by (1) employing Supervisory Control and Data Acquisition (SCADA) system for 24-hours monitoring of plant operation, in order to timely identify and resolve any interruption, (2) ensure frequent

inspection and maintenance, (3) secure warranty of key equipments.

For solar projects in Japan and Mongolia, we chose Poly Crystalline technology, which, in our view, is suitable for cold weather. Moreover, we also contracted experienced O&M service provider to mitigate such risks.

Risks related to dependence on EPC contractor

We contracted EPC contractor for design, procure equipment, and construction of our solar power plant. Our direction is to select EPC contractor who (1) have experience and expertise in related fields, i.e. design and procure equipments of power plant, (2) have technological know-how, (3) have strong financial status. Such criteria are important to ensure sufficient technical and financial sufficient to complete our projects. If EPC contractor has financial/liquidity constraints, it may cause (1) difficulty in enforcing compensation per contract and (2) delay in construction from planned schedule, which may cause additional expenses that can negatively affect financial results and status of Company.

We have strict criteria in selecting EPC contractor for both projects in Thailand and projects in foreign countries. We consider various aspects of their proposal, including experience, expertise, technical know-how, financial results and status, effectiveness and efficiency of proposed equipments, scope of warranty, and acceptance of financial institutions financing the projects, in order to ensure quality EPC contractor with suitable costs.

Project under commercial operation

Per EPC contract of SPN project, which already started commercial operation, EPC contractor shall place Performance Security and Maintenance Security with SPN. Such security can be utilized to compensate with obligations arisen from actions/fails to act duties under such contract. EPC contractors of SPN project is consortium of 3 contractors. Liability under the contract is based on joint and several basi

Projects under construction

For projects under construction in Japan, being Hidaka, Yamaga1, and Zouen, we contracted reputable and experienced EPC contractor, who are acceptable by Japanese financial institutions financing the project. In addition, Operator also contracted asset manager to monitor engagement of EPC contractors, to ensure compliance with agreed contract. Operator also set conditions for EPC contractor to frequently report the progress of construction, as well as conditions for monitoring process, to ensure on-time project completion.

For SNNP1 and SNNP2 project, which are under construction, SN, as owner of the project, contracted reliable contractor, who has experience in construction of solar rooftop project. SN also set conditions for EPC contractor to frequently report the progress of construction, as well as conditions for monitoring process, to ensure on-time project completion.

For solar project in Mongolia, which is under construction preparation stage, TGC, as owner of the project, is under negotiation process with prospect EPC contractor, who is reputable and experienced contractor accepted by financial institutions financing the projects.

Projects under development (not start construction yet)

For solar project under development in Thailand, being WVO solar in Ratchaburi province, SS, as owner of project, is under negotiation process with prospect EPC contractor, who is reputable and experienced contractor. We expected to enter into EPC contract within the first quarter of 2018.

For solar projects under development in Japan, being Leo and Yamaga 2 project, Operator is under negotiation process with prospect EPC contractor, who is reputable and experienced contractor accepted by Japanese financial institutions financing the projects.

Risks associated to increase costs of operation and maintenance of the plant

Project under commercial operation

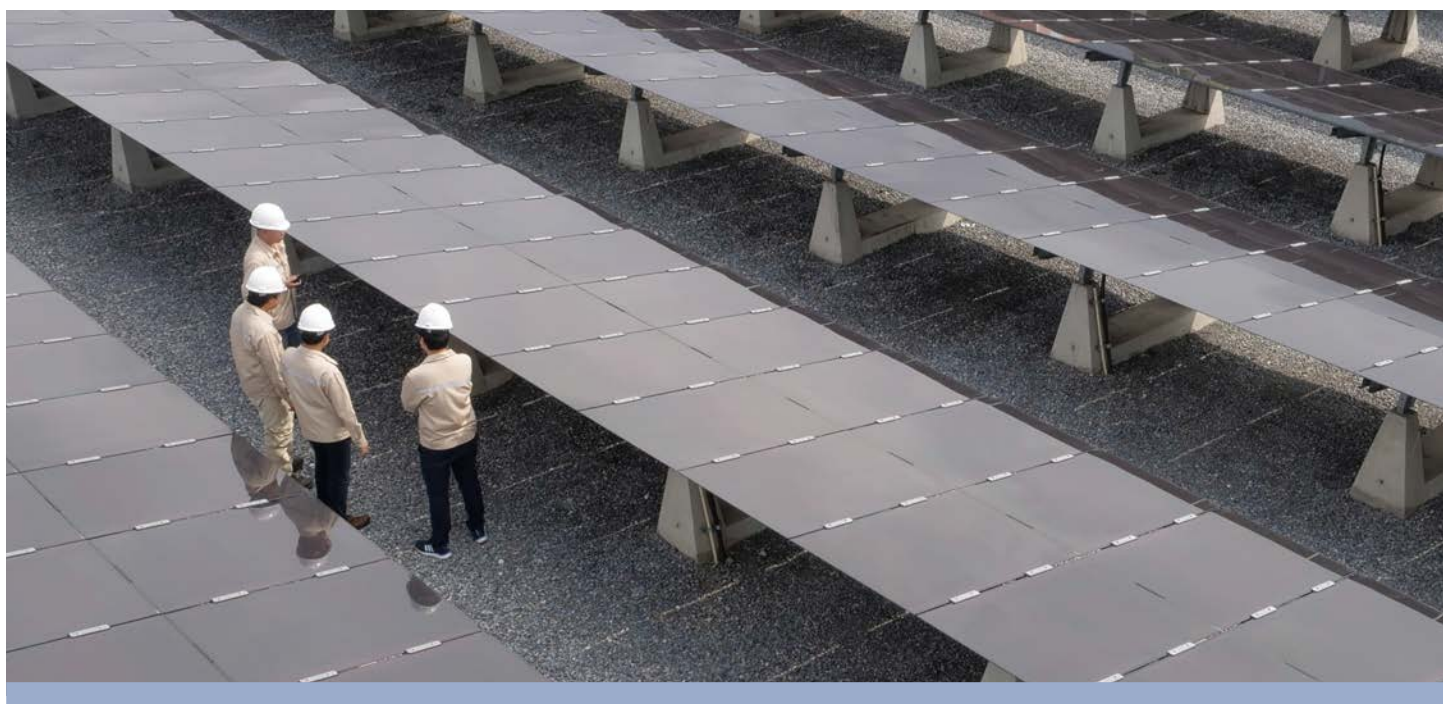
For SPN project, which is under commercial operation, we contracted O&M service provider for operation and maintenance of SPN project for 10 years. When contract duration due, if the service fee meaningfully increases for extension period, there may be negative impact to our financial results and status of Company.

However, if we consider that extension of such service will result in meaningful increase of costs, we may consider (1) open for bidding of O&M service provider to select the best proposal, or (2) employing our staffs for maintenance (since our staffs have closely worked with O&M service providers and we are confident that our staffs have sufficient to engage in these activities efficiently).

Projects under construction and under development

For Hidaka, Yamaga, and Zouen, Leo, and Yamaga 2 project, Operators are under negotiation process with O&M service providers. We expect to enter into O&M service agreement before commercial operation date of each project, and expect that the tenor of such contract will be long-term/in-line with expected project lifetime and have clear cost provisions throughout contract period. Therefore, risks of increase cost when extending the contract are limited. (however, conditions of final agreement may be different from current status under negotiation)

For Khunsight Kundi project in Mongolia, project company is under negotiation process with O&M service provider, who is experienced provider. We expect to enter into O&M service agreement before commercial operation date, the contract is long-term/in-line with expected lifetime of project lifetime and have clear cost provisions throughout contract period. Therefore, risks of increase cost when extending the contract are limited.



Risks associated to additional costs from warranty extension

Key equipments of solar power plant are (1) PV module, (2) inverter, and (3) transformer. Such key equipments are under warranty of EPC contractors and/or equipment manufacturer (depends on case-by-case and practices of each countries). If we decided to extend such warranty, there may be additional costs arisen from such extension.

Project under commercial operation

Main equipments of SPN project have warranty as follow:

Main Equipments	Warranty period (years)
PV Module	10
Inverter	10
Transformer	5

Costs of extended warranty, or costs of repair/replacement of main equipments, for SPN project, are under O&M agreement, which is 10-years contract. As such, risk in this aspect during the contract period is limited.

However, when the contract expires, we will compare the alternative to extend O&M agreement, to extend equipment warranty, and to assume O&M role by ourselves. In addition, when we conduct feasibility study of SPN project, we already assumed costs related to extension of warranty and found that the return of the project is in appropriate level.

Projects under construction

Key equipments of Hidaka and Yamaga have warranty as follow:

Main Equipments	Warranty period (years)
PV Module	10
Inverter	2
Transformer	2

Zouen project is warranty as follow:

Main Equipments	Warranty period (years)
PV Module	2
Inverter	2
Transformer	2

For projects under construction in Japan (Hidaka, Yamaga, and Zouen), Asset Manager will consider appropriateness for extension of warranty. However, we have assumed such costs by budgeting for spare parts expected to be used throughout project lifetime in our financial projection and feasibility study of the project.

For SNNP 1 and SNNP 2 project, which is under construction, there is workmanship warranty for 3 years from the date contractor deliver the works to SN. When the warranty expires, we will compare the alternative to extend equipment warranty and to assume O&M role by ourselves. In addition, when we conduct feasibility study of SNNP1 and SNNP2 project, we already assumed costs related to extension of warranty and found that the return of the project is in appropriate level.

For Khunsight Kundi project in Mongolia, main equipments have warranty as follow:

Main Equipments	Warranty period (years)
PV Module	10
Inverter	5
Transformer	3

Projects under development

For projects under development and not start construction yet, being WVO solar, Leo, and Yamaga 2 project, we are under negotiation with EPC contractor, contractor, and related parties. We have policy to secure warranty on main equipments in similar manner to what our group obtained, or in-line with common practices in industry.

Risks associated to dependence on key customers

Generally, our solar farm and solar rooftop projects entered into power purchase agreement for medium to long-term tenor with key customers as follow:

Project	Customer (Offtaker)	Contract period	Status of contract	Scheduled Commercial Operation Date
Project under commercial operation				
SPN	Electricity Generation Authority of Thailand (EGAT)	5 years; can be extended for 5 years - per extension	Signed	Started commercial operation
Projects under construction				
Hidaka	Hokkaido Electric Power Company Limited	20 years	Under process	Within 1 st quarter 2018
Yamaga	Kyushu Electric Power Co., Inc	20 years	Under process	Within 2 nd quarter 2020
Zouen	Kyushu Electric Power Co., Inc	20 years	Under process	Within 4 th quarter 2018
SNNP 1 and SNNP 2	Srinanaporn Marketing Co., Ltd.	25 years	Signed	Within 1 st and 2 nd quarter 2018 (respectively)
Khunshight Kundi	National Dispatch Center (of Mongolia)	12 years	Signed	Within 1 st quarter 2019
Projects under development				
WVO solar	Provincial Electricity Authority (PEA)	25 years	Under process	Within 4 th quarter 2018
Leo	Tokyo Electric Power Company Holdings, Inc	20 years	Under process	Within 2 nd quarter 2020
Yamaga 2	Kyushu Electric Power Co., Inc	20 years	Under process	Within 2 nd quarter 2020

Based on projects described above, if customers evoke their contractual rights to terminate power purchase agreement, it may cause significant negative effects to our financial results and status of Company.

However, we have controlling and monitoring process on operation of our plant, including compliance of key standard required by customers, to ensure strict compliance with requirements under power purchase agreement and related laws and regulations.

In addition, we have policy to explore business expansion opportunities in the area of renewable energy, within both

Thailand and foreign countries, in order to mitigate risks from dependence of limited numbers of customers.

Risks associated to natural disasters and force majeure

Currently, we engage in solar power business in Thailand, Japan, and Mongolia. If natural disasters or force majeure events, i.e. disruption of power system, flood, storm, snowstorm, fire, earth quake, or terrorism events, occurs in the area that our projects locate, there may be disruption of our plants' operation, or damages to our properties. Such disruption or damages may negatively affect our financial results and status.

In selecting project site and location, we have studied historical statistics related to natural disasters, in order to ensure that site and location of our projects located in low risk area. In addition, we also acquire insurance coverage to limit financial impacts that may arisen from natural disasters.

Risks associated to insufficient insurance coverage

We have policy to acquire insurance coverage for our business operation, in order to mitigate risks from losses and/or damages of our core assets. However, we still have risks from (1) uncovers events of insurance policy, i.e. wars and terrorism, or inadequate insured amount, or (2) inability of insurance company to pay compensation per insurance policy. Such risks may have negative effects to our financial results and status.

However, we have policy to acquire insurance coverage in comparable level to other players in industries and in accordance with conditions required by financial institutions and/or project finance lenders, with aims to optimize maximum coverage under appropriate cost.

2.2 Risks associated to engagement of business in Thailand

Risks associated to dependence on key management positions

Knowledge, experiences, and expertise of human resources are important factors for engaging in renewable energy business, especially for the top management positions. If we cannot retain such management, or cannot find suitable replacement, there may be risks in continuity of operation of our businesses.

Risks associated to change in policy of government and other related government agencies

Currently, we engaged in renewable energy business and entered into power purchase agreement with EGAT. If government or other related government agencies change or terminate conditions in renewable energy purchase, it may affect our power purchase agreement and negatively effect to our financial results and status.

In addition, as we have plan to expand renewable energy business in Thailand, as well as in foreign countries, if government or other related government agencies change policy related to renewable energy, i.e. change of (1) Power Development Plan (PDP) 2015 or Alternative Energy Development Plan (AEDP) 2015, (2) regulations related to power business licenses, and (2) environmental laws and regulations, there may be negative effect to our operation or prospects of our business expansion in the future.

Our management and team, which comprised of competent and experienced personnel, continually monitor development related to policy of government and related government agencies, in order to develop plan to cope with prospected changes in laws/regulations. We also focus on business development in foreign countries to mitigate risks discussed above.

Risks associated to compliance with related business licenses

Our business operation is under supervision/regulation of related government agencies, who issue related license to us, i.e. Ministry of Industry, ERC, etc. If we cannot comply with conditions of licenses, regulations, and orders of such agencies, as a result of force majeure or other reasons, it may cause suspension or termination of our licenses and/or result in legal obligations under applicable laws, and may result in significant negative effects to our financial results and status.

However, we have working team to monitor compliance of our operation to applicable laws and regulations, conditions of licenses, and orders of regulatory agencies. Also, we have risk management and internal control to monitor our operational activities to ensure such compliance.

Risks associated to compliance with applicable laws and regulations

Renewable energy business in Thailand is governed by applicable laws and regulations of many government authorities, i.e. city planning act, factory act, energy industry



act, laws and regulations related to environment, pollution, waste management, health and safety, etc. If we failed to comply with applicable laws and regulations, it may cause our operation disrupted, suspended, incurring additional cost, or resulting in legal obligations, and may result in significant negative effects to our financial results and status.

We are fully aware on importance of strict compliance to applicable laws and regulations, and have tried to mitigate associated risks by (1) strictly follow applicable laws and regulations and (2) set-up working team to study and monitor changes/development of applicable laws and regulations. Moreover, we also consider hiring legal advisor for complicated case.

2.3 Risks associated to power business in Japan

Risks associated to incompliance to applicable laws and regulations

For solar power business in Japan of our group, Operator, as an owner of the project, shall strictly follow-up applicable laws and regulations. We have tried to the maximum extent to ensure such compliance. However, should there be any change, amendment, change in interpretation of such laws and regulations in the future, we may have risks in incompliance which can result in legal obligations, revocation of licenses, or suspension of operation of the plant (temporarily or permanently).

During the project development process, we select, and let Operator appoints, Asset Manager for the project. Asset

Manager has duty to monitor and follow operation of all service providers to ensure strict compliance of applicable laws and regulations.

Moreover, we also set-up working team to study and monitor change/development in applicable laws and regulations, in order to ensure strict compliance.

Risks associated to effects from curtailment

In general, for business operation of solar farm in Japan, we shall enter into power purchase agreement with utility company operating in zone our solar farm located. The power purchase agreements have tenor of 20 years. Under such agreement, projects doesn't have contractual obligation to sell electricity to utility company, whereas utility company has contractual obligation to purchase all electricity generated by the project.

However, in early 2015, the Agency of Natural Resources and Energy (ANRE) of Japan announced decree to govern purchase of electricity from power producers, including curtailment measure. With such regulations, utility company has rights to curtail power purchased from renewable power producers for not more than 360 hours per year, without compensation. In addition, the regulation also gave rights for unlimited curtailment to certain utility company. Utility company shall officially announce curtailment for acknowledgement of power producer.

Utility companies who are purchaser of power generated from Hidaka project (being Hokkaido Electric Power Company Limited) and Yamaga and Zouen (being Kyushu Electric Power Co, Inc.) are in the area for unlimited curtailment.

With circumstance mentioned above, there is risk associated to loss of revenue resulted from curtailment. Yamaga, Hidaka1, and Zouend has installed capacity of 21.0 MW, 34.5 MW, 8.0 MW respectively, which represent 11%, 18%, and 4% of total installed capacity of the company.

We took such curtailment factor into consideration from feasibility study stage of solar projects in Japan. We have policy to (1) hire technical advisor to study in details on expected curtailment level to be imposed to each project, (2) co-ordinate with utility company as power purchaser of each project, in order to have sufficient information before make investment decision for each project.

For Hidaka, Yamaga, Zouen and Yamaga2 projects, we have considered study from technical advisor regarding curtailment, while Leo project is waiting the technical report from advisor, and found that the projects are feasible and have justifiable returns on investment.

Risks associated to procurement of Chief Electrical Engineer for supervision of operation of solar projects in Japan

The Electricity Business Act of Japan dictate that Operator shall have Chief Electrical Engineer to supervise safety measures during construction, operation, and maintenance of the power plant. Level of certification required for eligible Chief Electrical Engineer is determined by size of power plant. Therefore, there may be risks from delay in procuring Chief Electrical Engineer for the project, which may result in delay of start commercial operation or increased cost to the project.

However, for our solar projects in Japan, it's duty of Asset Manage to procure Chief Electrical Engineer for each project. We have contracted reputable, experienced, and financially sound Asset Manager, which is also accepted by financial institutions financing the project.

Risks associated to involvement in operation fo solar farm projects in Japan

Currently, we invested in 5 solar farm projects in Japan through GK-TK structure, which is appropriate structure for the purpose of managing tax for investment in Japan. We invested in GK-TK structure as TK investor through SEG, 100% Hong Kong subsidiary of Company.

Under GK-TK structure, and in accordance to clause 536 of Commercial Code of Japan (contribution by silent partner and right and obligations), SEG as TK investor shall be silent investor. If applicable conditions satisfied, Operator and investor will obtain certain tax privileges: investment return distribution from Operator to TK investor (TK Distribution) could be used as taxable expenses of Operator.

However, Operator has obligation to make Withholding Tax for 20.42% of investment return distribution from TK Distribution made.

SEG, as TK investor, will not involve in operation and decisions in day-to-day operations of the projects. We establish governance of solar farm projects in Japan through selection of credible and experienced business partners for operation of the project. In addition, we decide on objectives provisions of key contracts related to operation including (1) TK agreement between operator and TK investor and (2) all key agreements related to development and operation of the project during project development phase, including financing, EPC contract, and appointment of Asset Manager whereas such agreements are key factors to success factor to control and management of the projects, in order to ensure the benefits to Company and its shareholders.

However, even though GK-TK investment structure is widely used and governed under clear legal framework, if SEG as TK investors engage in activities that can be deemed as having involvement in operation of the project, it may affect to requirement for silent investor under GK-TK structure. As such, there is a risk that the status of Operator can be re-characterized to be normal corporation (NK; nin-i-kumiai), which will result in loss of tax privileges. If that is the case, the TK Distribution that Operator made to SEG will not be taxable expenses, and resulted into additional tax burden, penalty, surcharge, and other associated costs, to the project which may lead to lower investment return than expected.

Currently, solar projects in Japan have not started commercial operation yet. No TK Distribution has been made from Operator to TK investor.

3. Risks associated to management of our business

3.1 Risks associated to control of shareholders resolution by major shareholders

As of 31 December, 2017, Kraipisitkul family holds stake in Company for 70.0% of paid-up capital. Moreover, members of the family also hold positions of director, authorized director, and management of the Company. Therefore, such major shareholder has power to control management of Company, including most of the shareholders resolutions. Most of the shareholders resolutions required more than half of vote, including appointment of directors, except the resolutions required by laws to obtain more than $\frac{3}{4}$ of the vote. As such, minority shareholders may not be able to collect vote against proposal of major shareholders to shareholders meeting.

However, our Company has management structure comprising of staffs with knowledge and competency, and set-up clear and transparent scope, duties, and responsibilities of board of directors and management. In addition, we also established measures regarding related party transactions (for example, persons who has conflict of interest to the related party transactions shall have no rights to vote for such transactions), in order to ensure transparency of our business operation.

Our board of directors consisted of 4 independent directors. 3 of independence directors are members of our audit committee, whereas another independent director holds position of Chairman of the board of directors. One of the roles of independent directors is to consider key transactions before propose to shareholders meeting, in order to make good balance in management of our business and create confidence to minority shareholders that all transactions shall be for the purpose of company's benefits.

4. Financial Risks

4.1 Risks associated to fluctuation of interest rate

SPN project has been financed under long-term project finance structure, with Thai financial institutions. The interest of such financing is float rate in nature, being float benchmark rate plus fixe credit spread. If the float benchmark rate significantly changes over time, it may have negative effects to our financial results and status.

However, we have also entered into Interest Rate Swap (IRS) for majority of our exposure level throughout loan tenor period, in order to lower our risk exposure to interest rate fluctuation.

For the solar projects in Japan under construction, we have entered into long-term project finance facilities with Japanese financial institutions. The interest rate of such financing is also float rate in nature: float benchmark rate plus fixed credit spread. However, the float benchmark rate applied to current loan is close to zero. Therefore, we will consider enter into IRS after commercial operation of the plant.

Moreover, our risk committee will also set-up policy and guideline for risk management in various aspects, including interest rate risk.

4.2 Risks associated to fluctuation in foreign exchange rate

In general, part of investment in renewable projects will be incurred in foreign currencies. Therefore, if foreign exchange rate significantly deviated from estimates in our investment budget, i.e. increasing investment amount required in Thai Baht as a result of Thai Baht depreciation, it may have negative effects to our financial results and status.

For investment in Hidaka, Yamaga 1 and 2, Zouen, and Leo project, we invest, as TK investor, in Japanese Yen currency. After commercial operation, distribution from such investment will also be in Japanese Yen currency.

For investment in Khunsight Kundi project, we invest in project company in US Dollar currency. After commercial operation,

distribution from such investment will also be in US Dollar currency.

Therefore, if foreign exchange rate significantly fluctuated, values of investment and/or distribution from investment, i.e. TK distribution for projects under GK-TK structure or dividend received (in case of investment in Mongolia), may be substantially deviated from our projection/plan, which may negatively affect our financial results and status.

In the future, we may consider use distribution received from investment in Japan to invest in other investment in Japan, in order to create natural hedge position of foreign exchange risks for future investment.

However, majority of investment in renewable power project is normally in project finance scheme, with debt proportion of approximately 70-85% of total investment (with equity proportion of 15-30%). We have policy to procure long-term financing for the project under the same currency as revenue stream, in order to mitigate risks from fluctuation of foreign exchange rate.

Moreover, our risk committee will also set-up policy and guideline for risk management in various aspects, including foreign exchange rate risk. We also have policy to utilize financial instruments to manage foreign exchange rate risks.

4.3 Risks associated to debt serviceability

For investment of solar projects, we used long-term project finance facilities for approximately 70-75% for projects in Thailand, 80-85% for projects in Japan, and 70-75% for project in Mongolia (based on current estimate and plan), of the total investment amount.

As such, we have debt servicing obligations, i.e. interest payment and principal repayments, for such project finance facilities as agreed in agreement. If the operation of the plant is significantly deviated from expected financial projection, we may have risks in debt serviceability or to satisfy required

financial covenants, which may result in acceleration of debt repayment to be fully repaid immediately.

However, renewable energy business generally has relatively stable cash flow from operation. We also make long-term financial plan and closely monitor the operation, in order to ensure our debt serviceability and strictly compliance to applicable covenants of loan agreement.

We have complied to financial covenants of all loan agreements entered into. In addition, since commercial operation of SPN project, SPN comfortably service its debt in accordance to its loan agreement.

4.4 Risks associated to dividend payment ability

Ability to pay dividend of Company in the future depends on various factors, i.e. cash flow from operation, satisfaction of conditions of loan agreement with financial institution, reserve of capital for investment/business expansion, etc. Therefore, if such factors significantly change and affect our

ability to pay dividend, there is risk that we cannot pay dividend at the level indicated in our dividend payment policy.

However, since the commercial operation of SPN project, Company has financial results and liquidity sufficient for dividend payment to shareholders. In addition, we expected that after the Initial Public Offering, we will have more flexibility in accessing capital to support funding required for our business expansion.

5. Risks associated to new projects

5.1 Risks associated to expected investment return

We have target to continually expand our business. Currently, we have nine projects under construction and/or under development, with total installed capacity of 138.8 MW. Therefore, three are risks associated to expansion: the investment is not in-line with our expectation and/or loss of opportunity in new projects and/or loss of investment in such projects.



Nevertheless, before making investment decisions in projects, we have conducted feasibility study of the project, including projection of revenue/cost/return of the projects, with various investment and assumptions scenario. However, if the factors affecting development and operation of project substantially deviated from our estimates, our expected return from investment and/or opportunity to invest in other projects and/or return of our capital may be affected, for example:

- (1) Total investment cost is higher than estimated, i.e. from higher land cost and/or EPC cost and/or contractor cost
- (2) Constraints in land procurement and/or approval for grid connection, which may result in loss of opportunity in other projects and/or loss of investment
- (3) Delayed of development and construction of the project
- (4) Operating results of the projects are not in accordance with the plan, i.e. as a result of
 - Power generation and/or sale volume is lower than expected
 - Key operating assumptions, i.e. solar radiation level, are significantly different from expected
 - Operating and associate costs are significantly different from expected

However, we have experience and expertise in developing and managing power project, and have conducted feasibility of the project with key steps as follow:

- (1) Selection of credible business partners who have experience in solar power and/or renewable energy in Thailand and Japan
- (2) Consider return on investment in various scenario (sensitivity analysis), including worst case scenario, in order to assess impact to Company in the worst case. In addition, we also evaluate projects by also adding contingency for investment amount.
- (3) Conduct in due diligence and may consider hiring advisors in various area (case-by-case), i.e.
 - (3.1) Technical advisor/engineer: to (1) assess solar radiation from historical statistic data, (2) assess feasibility of the project, (3) give key technical/engineering advise for development of the project,

and (4) monitor development/construction process to ensure timely implementation of the plan

- (3.2) Legal advisor: to provide advise related to legal and procedure requirement related to investment, to investigate/check status of key documents (i.e. land deed, project documents, licenses) and compliance to applicable regulations,
- (3.3) Other advisors, i.e. financial advisor, accounting and tax advisor, etc.: to ensure compliance with applicable regulations and reasonable transaction costs.

The information from above study shall be submitted to the board and/or approver for investment decision

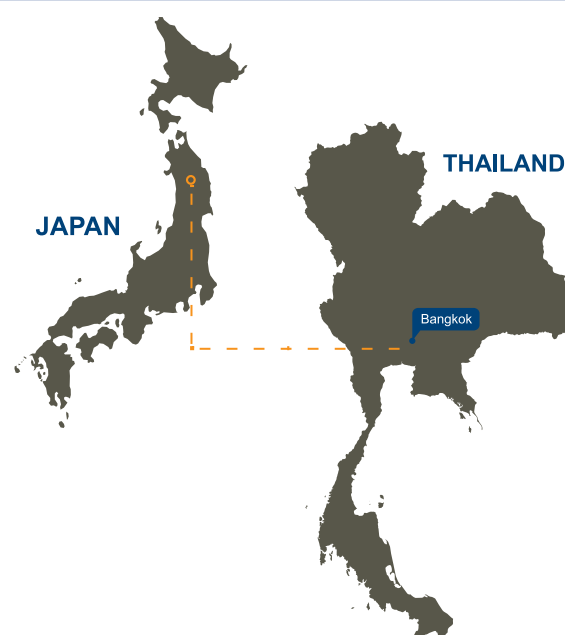
5.2 Risks associated to compliance to power purchase agreements and licenses in Thailand

We continually seek for investment opportunity for renewable power business in Thailand. In developing renewable power business in Thailand, we shall strictly comply with requirements of power purchase agreement, i.e. application of applicable licenses. If we cannot comply to all requirements of power purchase agreement, as well as other applicable laws and regulations (i.e. laws and regulations related to city planning, building and construction, energy business, etc), it may affect start of commercial operation of projects, which may result in lower growth/delay of revenue and profit contribution from new projects.

However, we have working team with knowledge and experience and have procedure to ensure that our operation will be in accordance with required duties under power purchase agreement and applicable laws and regulations.

5.3 Risks associated to financing of the projects

Financing of the project consisted of both loan from financial institution(s) and equity injection of the shareholders. If we cannot procure capital for both debt and equity portion, it may cause prospect of investments significantly different from planned.



However, we have experience in project development and good relationship with many financial institutions. After the Initial Public Offering, we will have improved financial structure. And after commercial operation of projects under construction/development, we should have more debt capacity also. Both factors should lead to better access to capital market.

5.4 Risks associated to land procurement

We need to procure land for development, construction, and operation of our renewable power plants. As such, there are associated risks in this aspect including procurement of sufficient size in location/area required by power purchase agreement, higher land cost than expected, which may lead to delay of projects/start of commercial operation of the project.

However, we have working team with expertise in land procurement to ensure appropriate site location with justifiable/appropriate cost. In general, we will procure land directly from owner to ensure appropriateness of acquisition cost.

5.5 Risks associated to renewable energy business in foreign countries

We have policy to pursue investment in renewable energy

business in foreign countries. As such, we have risks associated to change in economic, social, political, legal, and policy related to renewable energy of the countries we are to invest. The risks factors include risks arisen from inflation, currency convertibility, foreign exchange. In addition, sufficiency of competent staffs to oversee investment in foreign countries is also key risk factor.

However, we have studied and considered investment opportunities in many countries in order to reduce risks mentioned above. We also focus to prepare for managing renewable businesses in foreign countries, by hiring advisors during development process and acquiring competent staffs to support business expansion to foreign countries.

5.6 Risks associated to our projects under development

Currently, we have 3 projects under development with total installed capacity of 57.5 MW, consisted of (1) WVO solar project, (2) Leo project, and (3) Yamaga 2 project. There are risks factors that may affect timeframe of development process or may cause suspension of project.

For WVO solar project, which is under government agency and co-operative solar scheme of 2017, SS has entered into co-investment agreement with WVO's Ratchaburi office. The project is under process to enter into power purchase

agreement with Provincial Electricity Authority of Thailand (status as of 31 December 2017)

For Leo project, we have already entered into land purchase agreement. It is under process to transfer METI approval license and grid connection approval documents to the project company. Therefore, risk factors associated which may cause delay or suspension of project include (1) delay or inability to transfer METI approval license and/or (2) delay or inability to transfer grid connection approval. As of 31 December 2017, the Company has invested into this project of JPY 400 million, equivalent to approximately of THB 115.56 million (based on average rate of commercial banks as published by Bank of Thailand on 28 December 2017 at 28.8895 THB per 100 JPY)

For Yamaga 2 project, we have entered into Framework Agreement, and under negotiation to enter into definitive agreement for investment and development of the project. Therefore, risk factors associated which may cause delay or suspension of project include (1) breach of agreement by counterparty and/or (2) delay or inability to enter into definitive agreement. However, we have not made investment into this project, since the framework agreement does not cover payment term yet.

With above mentioned and other unexpected risks, there are risks that may cause our investments do not follow in accordance with the plan, which may result in lower production capacity than targeted and/or loss of investment opportunity in other projects and/or loss of investment in above mentioned projects.

However, before making investment decision, we have engaged in feasibility study of each project by considering key factors that may affect development and operation of project, estimated revenue/cost/return, with various scenario.

6. Risks associated to common shares of the Company

6.1 Risks associated for foreign shareholding limitation

Based on our Company Regulation, foreign shareholding is limited at 49% of total paid-up capital. Moreover, foreign ownership is also governed by Thai laws, i.e. Foreign Business Act 1999. Therefore, liquidity and price of our common shares may be negatively affect by this factor, especially when foreign ownership reach the limit, which may affect ability to register shares under foreign shareholders. If that's the case, foreign shareholders may not know in advance whether share registrar will reject to register share under their names or not.



General Information

4.1 General Information

1) Company Name and Location

Company name	:	Sermsang Power Corporation Public Company Limited (SSP)
Type of Business	:	Holding Company
Registered Number	:	0107560000010
Registered /Paid up Capital	:	922,000,000 Baht
Share	:	922,000,000 Shares
Pare values	:	10 Baht

Head Office Location	:	325/14 Lanluang Road, Mahanak Square, Dusit, Bangkok 10300
Tel.	:	0 2628 0991-2
Fax	:	0 2628 0993

Website	:	http://www.sermsang.com
Company secretary	:	Tel. 0 2628 0991-2 # 257
e-mail	:	sarmornmart.c@sermsang.co.th
Investor relations	:	Tel. 0 2628 0991-2 # 162
e-mail	:	natthapatt@sermsang.co.th , thanatis.t@sermsang.co.th , prachya.s@sermsang.co.th

2) Subsidiaries company hold stakes more than 50 per cent

(including the company invested through GK-TK structure more than 50 per cent , and hold stakes through GK-TK structure direct and indirect) are shown name and location as follow;

	Company Name	Type of Business	%Stake	Head Office Location	Tel.
1.	Sermsang Palang Ngan Co., Ltd. ("SPN")	Solar Farm Power Plant (SPN)	100%	325/14 Lanluang Rd, Mahanak Square, Dusit, Bangkok 10300	0 2628 0991-2
2.	Access Energy Co, Ltd. ("AE")	Holding Company	100%	325/14 Lanluang Rd, Mahanak Square, Dusit, Bangkok 10300	0 2628 0991-2
3.	Essential Power Co., Ltd. ("EP")	No operation	100%	325/14 Lanluang Rd, Mahanak Square, Dusit, Bangkok 10300	0 2628 0991-2
4.	Plus Energy Co., Ltd. ("PE")	No operation	100%	325/14 Lanluang Rd, Mahanak Square, Dusit, Bangkok 10300	0 2628 0991-2
5.	Prestige Group Co., Ltd. ("PTG")	No operation	100%	325/14 Lanluang Rd, Mahanak Square, Dusit, Bangkok 10300	0 2628 0991-2

6.	Triple P Renewable Co., Ltd. ("PPP")	No operation	100%	325/14 Lanluang Rd, Mahanak Square, Dusit, Bangkok 10300	0 2628 0991-2
7.	Sian Clean Solution Co., Ltd. ("SCS")	No operation	100%	325/14 Lanluang Rd, Mahanak Square, Dusit, Bangkok 10300	0 2628 0991-2
8.	Sian Renewable Power Co., Ltd. ("SRP")	No operation	100%	325/14 Lanluang Rd, Mahanak Square, Dusit, Bangkok 10300	0 2628 0991-2
9.	Sernsang Solar Co., Ltd. ("SS")	Solar Farm Power Plant	100%	325/14 Lanluang Rd, Mahanak Square, Dusit, Bangkok 10300	0 2628 0991-2
10.	Sernsang Corporation Co., Ltd. ("SSC")	Renewable energy Project	100%	325/14 Lanluang Rd, Mahanak Square, Dusit, Bangkok 10300	0 2628 0991-2
11.	Sernsang International Co., Ltd. ("SI")	Holding Company	100%	325/14 Lanluang Rd, Mahanak Square, Dusit, Bangkok 10300	0 2628 0991-2
12.	Sernsang Infinite Co., Ltd. ("SN")	Solar Rooftop Power Plant	100%	325/14 Lanluang Rd, Mahanak Square, Dusit, Bangkok 10300	0 2628 0991-2
13.	S. Global Power Limited ("SGP")	Holding Company	100%	Room 2101 Hong Kong Trade Centre, 161-7 Des Voeux Road, Central, Hong Kong	
14.	Surge Energy Corporation Limited ("SEG")	Solar From Power Plant in Japan as TK investor	100%	Suite 1803-4, 18/F., St. George's Building, No. 2 Ice House Street, Central, Hong Kong	
15.	Access C Management Limited ("ACM")	Holding Company	100%	Room 2804, 28/F., Rykadan Capital Tower, 135 Hoi Bun Road, Kwun Tong, Kowloon, Hong Kong	
16.	Seijo Corporation ("SJC")	Operates other related business	100%	5-1 Kabutochou, Nihonbashi, Chuo-Ku, Tokyo	
17.	Sernsang Sustainable Singapore Private Limited ("SSSG")	Holding Company	100%	1 Raffles Place #28-02 One Raffles Place Singapore 048616	
18.	Tenunn Gerel Construction LLC ("TGC")	Solar Farm Power Plant in Mongolia	75%	Building 4-37, 2 nd Micro District, 1 st Khoroo, Bayangol District, Ulaanbaatar 210646, Mongolia	
19.	SS Hidaka No Mori G.K. ("SSH")	Solar Farm Power Plant in Japan	86.9% ¹	1-1-7 Moto Akasaka, Minato-Ku, Tokyo, Japan	
20.	GSSE G.K. ("GSSE")	Solar Farm Power Plant in Japan	90% ¹	4-2-3 Akasaka, Minato, Tokyo 107-0052, Japan	
21.	Zouen Energy G.K. ("ZOUEN")	Solar Farm Power Plant in Japan	100% ¹	1-1-7 Moto Akasaka, Minato-Ku, Tokyo, Japan	
22.	Ashita Power 1 G.K. (ASP1)	Solar Farm Power Plant in Japan	100% ¹	1-1-7 Moto Akasaka, Minato-Ku, Tokyo, Japan	
23.	Ashita Power 2 G.K. (ASP2)	Solar Farm Power Plant in Japan	100% ¹	1-1-7 Moto Akasaka, Minato-Ku, Tokyo, Japan	

Remark : ¹ Investment portion of TK-GK Structure (in Japan)

Shareholders

1. Registered Capital and Paid up Capital

As of 31 December 2017, The Company has registered capital of 922,000,000 common shares with par value of baht 1.0, and has paid up capital of baht 922,000,000 with par value of 1.0 baht.

The major shareholders as of 31 December 2017 (refer to shareholders's closing date as of 29 December 2017) are as follow;

List of Shareholder	As of 31December 2017	
	Amount (share)	Stake (per cent)
1. Primary Energy Limited ("PME") ¹	276,650,000	30.0
2. Unity I. Capital Limited ("UNITY") ²	196,070,000	21.3
3. Mr. Viwat Kraipisitkul	69,162,200	7.5
4. Ms. Thantaporn Kraipisitkul	34,581,000	3.8
5. Mr. Piyawat Kraipisitkul	34,580,900	3.8
6. Mr. Tanawat Kraipisitkul	34,580,900	3.8
7. Thai Life Insurance Public Company Limited	9,000,000	1.0
8. Mr. Sitthichai Duangdusadee	5,900,000	0.6
9. Provident Fund TISCO Capital Partners (registered)	4,684,300	0.5
10. Mr. Somsak Amornpitak	4,350,000	0.5
11. Others	252,440,700	27.4
Total	922,000,000	100.0

Note : ¹ PME is the company which was set up in Thailand, Shareholders are (1) Mr. Viwat Kraipisitkul (2) Ms. Thantaporn Kraipisitkul (3) Mr. Piyawat Kraipisitkul and (4) Mr. Tanawat Kraipisitkul

² UNITY is the company which was set up in Hong Kong, Shareholders are (1) Mr. Viwat Kraipisitkul (2) Ms. Thantaporn Kraipisitkul (3) Mr. Piyawat Kraipisitkul and (4) Mr. Tanawat Kraipisitkul

Dividend Payment Policy

1. Dividend payment policy of Company

Board of directors may consider pay annual dividend of the Company with approval of shareholders meeting, except in case of payment of interim dividend of which the board of directors may consider the payment if consider that the Company has sufficient profit but shall report to shareholder meeting.

Company has dividend payment policy for the amount not less than 40% of net profit of company-only financial statement, after deducting corporate income tax, legal reserves, and other reserves. Nevertheless, board of directors will also consider payment of dividend based on various factors for the best benefit of shareholders, i.e. financial status of company, reserve for future investment of the Company, reserves for debt repayment and working capital of the Company, net income of consolidated financial statement, Adjusted Operating Profit, as well as the effect to operation of Company.

2. Dividend payment policy of subsidiaries in Thailand

Our subsidiaries in Thailand have dividend payment policy of not less than 70% of net profit of company-only financial statement, after deducting corporate income tax, legal reserves, and other reserves. Nevertheless, board of directors will also consider payment of dividend based on various factors for the best benefit of shareholders, i.e. financial results and status of subsidiary, reserves for future investment, reserves for debt repayment and working capital, and effect to operation of subsidiary.

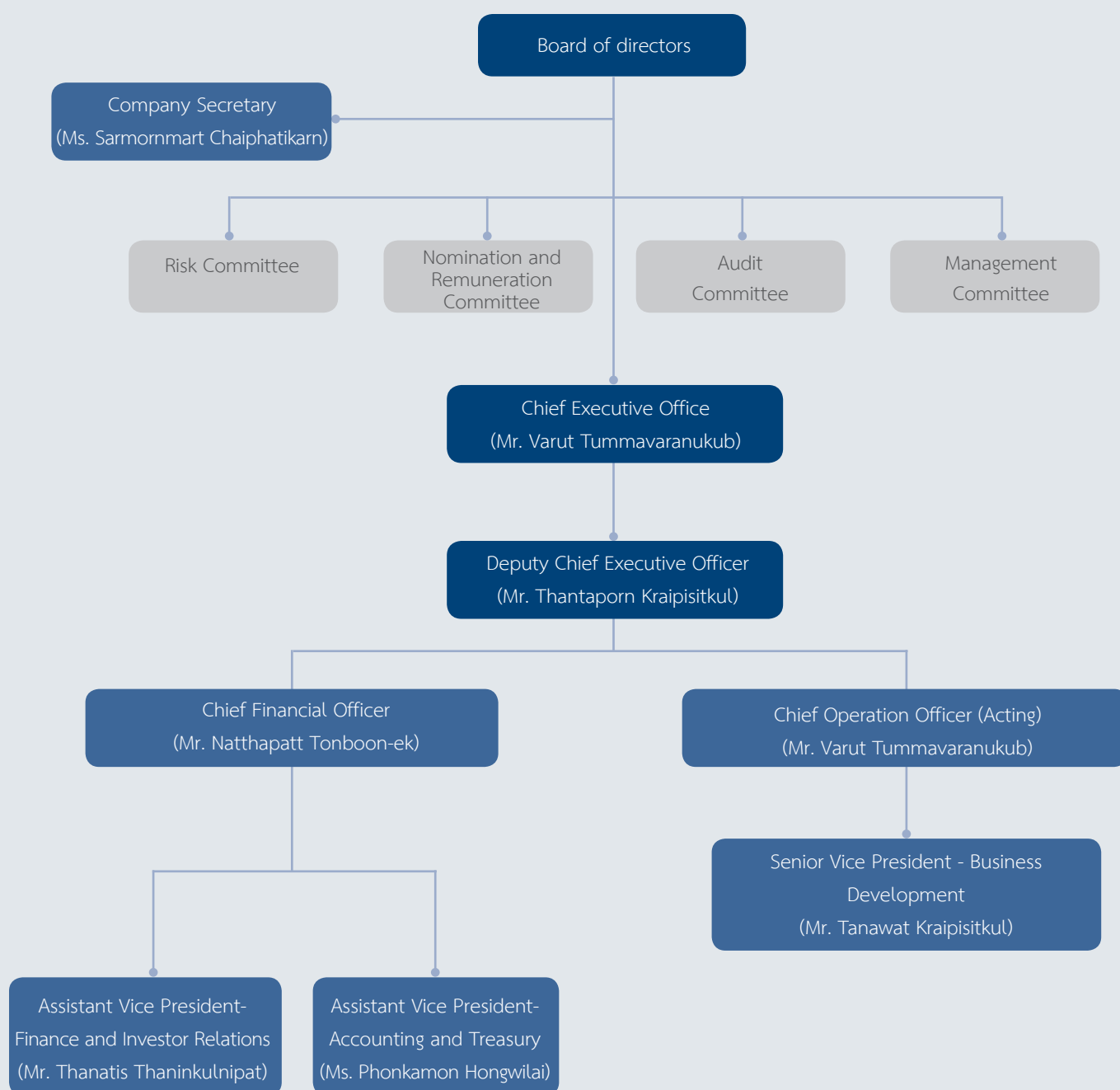
3. Dividend payment policy of subsidiaries in foreign countries

Our subsidiaries in foreign countries have dividend payment policy of not less than 40% of net profit or retained earnings of company-only financial statement, after deducting corporate income tax, legal reserves, and other reserves. Nevertheless, board of directors will also consider payment of dividend based on various factors for the best benefit of shareholders, i.e. financial results and status of subsidiary, reserves for future investment, reserves for debt repayment and working capital, and effect to operation of subsidiary.

Management

1. Management structure of Company

1.1 Organization structure



1.2 Board of directors

As of 31 December 2017, Management structure of the Company consisted of Board of Directors and 4 sub-committee consisted of (1) Audit Committee (2) Risk Committee (3) Nomination and Remuneration Committee and (4) Management Committee with details as follow:

Board of directors

	Name	Position
1. Mr. Kamthon	Wangudom ¹	Chairman/independent director
2. Mr. Viwat	Kraipisitkul	Director/Chairman of Management Committee/Chairman of Risk Committee/member of Nomination and Remuneration Committee
3. Mr. Samrieng	Mekkriengkrai	Independent director/Chairman of Audit Committee/Chairman of Nomination and Remuneration Committee
4. Mr. Thana	Buphawanit	Independent director/member of Audit Committee
5. Mr. Asathai	Rattanadilok Na Phuket	Independent director/member of Audit Committee
6. Ms. Thantaporn	Kraipisitkul	Director/member of Management Committee/member of Nomination and Remuneration Committee/Deputy Chief Executive Officer
7. Mr. Tanawat	Kraipisitkul	Director/member of Management Committee/SVP - Business Development
8. Mr. Varut	Tummavaranakub	Director/member of Management Committee/member of Risk Committee/Chief Executive Officer/Acting Chief Operating Officer
9. Mrs. Thanyanee	Kraipisitkul	Director

Note : ¹ Appointed on board of shareholders meeting no.4/2017, dated 16 Mar 2017, to be member of the board, Chairman of the board and independent director

Audit Committee

	Name	Position
1. Mr. Samrieng	Mekkriengkrai	Chairman of Audit Committee
2. Mr. Thana	Buphawanit	Member of Audit Committee
3. Mr. Asathai	Rattanadilok Na Phuket	Member of Audit Committee

Risk Committee

	Name	Position
1. Mr. Viwat	Kraipisitkul	Chairman of Risk Committee
2. Ms. Thantaporn	Kraipisitkul	Member of Risk Committee
3. Mr. Varut	Tummavaranakub	Member of Risk Committee

Nomination and Remuneration Committee (NRC)

Name		Position
1. Mr. Samrieng	Mekkriengkrai	Chairman of Nomination and Remuneration Committee
2. Mr. Viwat	Kraipisitkul	Member of Nomination and Remuneration Committee
3. Ms. Thantaporn	Kraipisitkul	Member of Nomination and Remuneration Committee

Management Committee

Name		Position
1. Mr. Viwat	Kraipisitkul	Chairman of Management Committee
2. Ms. Thantaporn	Kraipisitkul	Member of Management Committee
3. Mr. Tanawat	Kraipisitkul	Member of Management Committee
4. Mr. Varut	Tummavararakub	Member of Management Committee

• Authorized directors

Authorized directors of Company are Mr. Viwat Kraipisitkul/Ms. Thantaporn Kraipisitkul/Mr. Varut Tummavararakub, Two (out of three) directors co-sign and with company seal can entered into transaction and binding the Company.

• Board of directors meeting

Meeting of the board of directors

Name		Attendance/total meeting	
		Ended 31 December 2016	Ended 31 December 2017
1. Mr. Kamthon	Wangudom	-	6/10
2. Mr. Viwat	Kraipisitkul	6/7	7/10
3. Mr. Samrieng	Mekkriengkrai	7/7	10/10
4. Mr. Thana	Buphawanit	4/7	9/10
5. Mr. Asathai	Rattanadilok Na Phuket	7/7	9/10
6. Ms. Thantaporn	Kraipisitkul	7/7	9/10
7. Mr. Tanawat	Kraipisitkul	5/7	10/10
8. Mr. Varut	Tummavararakub	5/7	10/10
9. Mrs. Thanyanee	Kraipisitkul	6/7	7/10
10. Mr. Piyawat	Kraipisitkul ²	3/7	-

Note : ¹ Appointed on board of shareholders meeting no. 4/2017, dated 16 Mar 2017, to be member of the board, Chairman of the board and independent director

² Appointed on board of shareholders meeting dated 10 June 2015, to be member of the board and then resigned from member of the board dated 16 March 2016

Meeting of the Audit Committee

Name	Attendance/total meeting	
	2016	2017
1. Mr. Samrieng Mekkiengkrai	6/6	8/10
2. Mr. Thana Buphawanit	4/6	8/10
3. Mr. Asathai Rattanadilok Na Phuket	6/6	8/10

Meeting of the Management Committee

Name	Attendance/total meeting	
	2016	2017
1. Mr. Viwat Kraipisitkul	1/1	3/4
2. Ms. Thantaporn Kraipisitkul	1/1	3/4
3. Mr. Tanawat Kraipisitkul	1/1	4/4
4. Mr. Varut Tummavarannukub	1/1	4/4

Meeting of the Nomination and Remuneration Committee

Name	Attendance/total meeting	
	2016	2017
1. Mr. Samrieng Mekkiengkrai	2/2	2/2
2. Mr. Viwat Kraipisitkul	2/2	2/2
3. Ms. Thantaporn Kraipisitkul	2/2	2/2

1.3 Management

As of 31 December 2017, Management of Company consists of

Name		Position
1. Mr. Varut	Tummavarannukub	Chief Executive Officer/Acting Chief Operation Officer
2. Ms. Thantaporn	Kraipisitkul	Deputy Chief Executive Officer
3. Mr. Natthapatt	Tanboon-ek	Chief Financial Officer
4. Mr. Tanawat	Kraipisitkul	Senior Vice President – Business Development
5. Ms. Phonkamon	Hongwilai	Assistant Vice President – Accounting
6. Mr. Thanatis	Thaninkulnipat	Assistant Vice President – Finance and Investor Relations

1.4 Company Secretary

Board of directors, as per meeting number 2/2016 on 13 October, 2016, appointed Ms. Sarmornmart Chaiphatikarn to be Company secretary of Company.

1.5 Remuneration of directors and management

Remuneration of directors

(1) Monetary remuneration

Shareholders meeting, as per annual general meeting of 2017 on 14 March, 2017, approved remuneration of Board of Directors, Audit Committee, Management Committee, Nomination and Remuneration Committee for year 2017 with details as follows:

Directors who is not Management of Company

Company has policy to pay remuneration to directors who is not management of Company with details as follow:

Position	Meeting allowance (THB/meeting)	Monthly remuneration (THB/month)
Board of Directors		
- Chairman of the board	24,000.0	30,000.0
- Directors	20,000.0	20,000.0
Audit Committee		
- Chairman of committee	24,000.0	-
- Members of committee	20,000.0	-
Management Committee		
- Chairman of committee	24,000.0	-
- Members of committee	20,000.0	-
Nomination and Remuneration Committee		
- Chairman of committee	24,000.0	-
- Members of committee	20,000.0	-
Risks Committee		
- Chairman of committee	24,000.0	-
- Members of committee	20,000.0	-

Directors who is management of Company

Company has policy to pay remuneration for management or employee of Company holding director position.

Remuneration of Management

(1) Monetary remuneration

For fiscal year 2016 and 2017, the Company paid remuneration to management as follow:

Type	Remuneration (THB)	
	Ended 31 December 2016	Ended 31 December 2017
Number of management (persons)	5	6
Salary and bonus (THB)	19,120,000.0	21,596,310.7
Contribution to provident fund and others (THB)	504,690.6	1,767,485.9

Remark : Included remuneration of Mr. Surawat Suwanyungyuen, SVP – Finance, who left management position on 30 June, 2017, and remuneration of (1) Mr. Natthapatt Tanboon-ek, Chief Finance Officer, who assume management position on April 25, 2017, (2) Ms. Phonkamon Hongvilai, AVP – Accounting, who assume manager position on June 26, 2017, and (3) Mr. Thanatis Thaninkulnipat, AVP-Finance and Investor Relations, who assume management position on August 30, 2017.

(2) Non-monetary remuneration

-None-

2. Personnel of our group

2.1 Numbers of personnel

As of the end of fiscal year 2016 and 2017, we have total personnel of 24 and 23 persons respectively as follow:

Department	Number of personnel (persons)	
	Ended 31 December 2016	Ended 31 December 2017
Business development	5	6
Engineering	6	6
Accounting and Finance	7	6
Office admin and Human resource	6	5
Total	24	23

2.2 Remuneration of personnel

Remuneration of personnel (exclude manage) of Company and subsidiaries for fiscal year 2016 and 2017 is 28,534,216.4 THB and 34,338,930.53 MTHB, respectively. Such remuneration includes salary, bonus, allowance, contribution to provident fund, contribution to social security fund, etc.



Corporate Governance

1. Corporate governance policy

We fully realized importance of good corporate governance as important mechanism to enhance our operation to be efficient and sustainable, which will create the best benefits to all stakeholders from employee, shareholders, investors, and other stakeholders. Therefore, the board of directors has considered and approved corporate governance policies/guidelines covering key aspects, i.e. structure, roles, duties, and responsibilities of board of director, as well as clear, transparent, and controllable management practices of management, in order to enhance confidence that our operation being fair and for the best benefits of all stakeholders.

The board of directors focus on corporate governance in 5 sections as follows:

Section 1: the rights of shareholders

Company focus on importance of the rights of shareholders, not only for the rights as indicated by laws, but also for the actions promoting shareholders to exercise its rights, as well as avoiding the actions prohibiting shareholders to exercise its rights. The fundamental rights of shareholders include buy/sell/transfer of shares, profit distribution, access to sufficient information announced by Company, attendance on shareholders meeting to vote on key agendas (i.e. appointment/removal of director(s), appointment of auditor, payment of dividend, amendment of company's regulation and memorandum of association, increase/decrease of capital, other key/special transactions, etc.)

Section 2: the equitable treatment of shareholders

Company has policy for fair treatment to all shareholders; for both management and non-management shareholders,



for both major and minority shareholders, for both Thai and foreign shareholders, in order to ensure fair and equal treatment.

Section 3: roles of stakeholders

Company focus on importance of roles of all stakeholders. In our business operation, we consider rights of all stakeholders and establish policy and guideline toward treatment of various stakeholders, including employee, shareholders, customers, trade counterparties, lenders, society, and environment.

Section 4: disclosure and transparency

Board of directors focus on disclosure of and transparency on information announced by Company, for both financial and non-financial information. Such disclosure shall be correct, transparent, complete, on timely manner, and in compliance to regulations of SEC and SET. The information to be disclosed cover also information that may have effect to price of our securities and be important consideration for investors and other stakeholders.

Section 5: responsibilities of the Board of Directors

(1) Structure of the board of directors



Board of directors shall consist of at least 5 members, with independent directors of at least 3 persons and at least 1/3 of total number of directors (as per regulations of SEC and SET). The members of the board consist of experienced expert from various fields, i.e. business, accounting, and finance, which related to and involved our business operation.

(2) Sub-committee

Board of directors appointed 4 sub-committee: Audit Committee, Nomination and Remuneration Committee, Risk Committee, and Management Committee, in order to scrutinize and enhance business operation of Company as per established duties and responsibilities.

(3) Roles duties and responsibilities of directors

(3.1) Corporate governance

Company has intention to maintain high standard on good corporate governance, by focusing on good corporate governance announced by SET in 2012. We also announced guidelines related to good corporate governance, as approved by the board of directors, within our organization for strict compliance to such guidelines.

(3.2) Business ethics

Company has issued business ethics guideline, as approved by board of directors. We also announced such guideline internally and require strict compliance of directors, management, employees.

(3.3) Conflict of interests

Transactions with related parties, which may result in conflict of interests, shall be considered by Audit Committee in details. Key related-parties transaction shall be approved by the board of directors and/or shareholders meeting, depending on type and size of transaction per regulations of the Capital Market Supervisory Board. The member of the board or management who has conflict of interest to the transaction shall not be involved in decision making of such transaction.

(3.4) Internal control system

Company focus on importance of effective internal control system. Board of directors assigned Audit Committee to oversee internal control system of Company and its subsidiaries, including 5 areas: organization and environment, risk management, management practices, information system, and

monitoring process. Audit Committee shall report the Board of Directors on assessment of internal control system.

(3.5) Channels for communication (whistleblowing)

Board of Directors set-up clear practices for whistleblower to report any alleged corruption practices through our website (www.sermasang.com), or directly to Company's internal control officer. Such notification shall be directly report to dependent directors or Audit Committee for investigation and report to the Board of Directors.

(3.6) Risk management policy

Board of Directors approved risk management policy covering the operation of our organization. Management is responsible to implement such policy and frequently reports back to the Board of Directors.

(3.7) Control of operation of subsidiaries/affiliates

As for our business as Holding Company, we focus on control of business operation of our subsidiaries and affiliates as indicated in our investment policy.

Company assigned directors and assigned personnel, who has experience and expertise in our business, to represent Company and resume position of director in subsidiaries/affiliates, in order to control their operation and report results back to the board of directors quarterly. Proportion of our board of directors in subsidiaries/affiliates shall be in-line with proportion of shareholding in such entities. In addition, board of directors shall approve key policies and control measures of such entity.

2. Structure of the Board of Directors and sub-committee

Company has Board of Directors and 4 sub-committee, consisted of Audit Committee, Risk Committee, Nomination and Remuneration Committee, and Management Committee. Board of Directors approved clear scope, authorities, duties, and responsibilities of the Board of Directors and sub-committee.

Scope, authorities, duties, and responsibilities of the Board of Directors

- 1) Perform its duties in accordance to applicable laws, objectives and regulations of Company, board resolution, shareholders resolution, and with responsibility, carefulness, and honesty.
- 2) Consider and approve vision, strategy, business direction, business policy, objective, guideline, operation plan, and budget of Company and subsidiaries, as prepared and proposed by Management Committee and management.
- 3) Monitor and follow-up on results of operation of Management Committee, Chairman of the board, Chairman of Management Committee, Chief Executive Officer, management, and other persons as assigned by the Board of Directors, as well as to compare to policy set by the board.
- 4) Monitor and follow-up continually on operation of Company and subsidiaries/affiliates, in order to follow on operational and budget plan of Company.
- 5) Ensure that Company and subsidiaries/affiliates use appropriate and efficient accounting system, as well as to establish sufficient internal control system.
- 6) Prepare balance sheet and profit and loss statement, as of end of fiscal year, of Company and subsidiaries to present to shareholders meeting for approval.
- 7) Consider and approve selection and appointment of auditor of Company and subsidiaries, as well as consider appropriate compensation, as per proposed by Audit Committee, before propose to shareholders meeting for approval.
- 8) Establish written corporate governance policy, as well as effective implementation, in order to ensure that Company has fair and responsible conduct to all stakeholders.
- 9) Consider and approve qualified persons, who has no prohibited qualification as per applicable laws, to be director of Company, in case of vacancy arisen from the reason of term expiration. In addition, to consider appointment of director position in case of vacancy from term expiration, as well as to consider appropriate remuneration to propose for shareholders' approval.

- 10) Appoint sub-committee, including Audit Committee, Management Committee, Nomination and Remuneration Committee, Risk Committee, and other sub-committees, as well as consider and approve authorities of such sub-committee in order to support engagement of the board.
- 11) Consider and appoint/amend authorized directors of Company.
- 12) Consider and appoint management and Company Secretary, as per definition of SEC or Capital Market Supervisory Board, as well as consider remuneration as proposed by Nomination and Remuneration Committee
- 13) Seek professional opinion from outside organization for benefits of decision making
- 14) Promote directors and management of Company to attend seminar, hosted by Thai Institute of Directors (IOD), related to duties and responsibilities of directors and management.
- 15) Monitor operation of companies within the group to ensure efficiency and best benefits to all stakeholders.
- 16) Set-up annual general meeting of shareholders within 4 months after the end of each fiscal year
- 17) Set-up board of directors meeting for at least every three months.
- 18) Prepare annual report and financial statement of Company and subsidiaries, to show financial/operation results and financial status for consideration and approval of shareholders meeting.
- 19) Monitor management and operation of business engagement of Company and subsidiaries to ensure compliance with policies, including but not limited to measures to ensure full compliance of subsidiaries (in case of change in directors of subsidiaries) to Company's policies, public company acts, civil laws, securities laws, as well as related regulations of SEC, SET, and Capital Market Supervisory Board (i.e. connected transaction, acquisition and disposal of asset). In addition, to also establish sufficient internal control mechanism.

3. Auditor's Fee

Audit Fee

Audit fee of Company and subsidiaries are as follow:

Audit Fee	31 December 2016 (THB)	31 December 2017 (THB)
Company	1,280,000.0	2,045,000.0
Subsidiaries	1,972,317.8	3,653,300.0
Total	3,252,317.8	5,698,300.0

Non-Audit Fee

Non-audit fee, i.e. tax advisory fee for investment in foreign countries, for fiscal year 2016 and 2017 are THB 601,000.2 and THB 491,318.6 respectively.

Corporate Social Responsibility

1. Overall policy

Company conducts business under good corporate governance framework, with focus on transparency and accountability. We focus on business development with balance in economical, social, and environmental aspects. We determine to be and maintain status as good corporate citizen, by engaging business in sustainable direction. We try to manage and grow our business in the way that is acceptable to society, under basis of ethic and good corporate governance, as well as focus to efficiently create justifiable return to our shareholders by considering impacts to all stakeholders.

With our focus on Corporate Social Responsibility, we established policies related to this aspect as follow:

1. Engagement of our business in fair and ethical nature

We addressed measures to take care of effects to stakeholders in Ethics Charter, by considering our responsibilities to stakeholders, including shareholders, employees, customers, trade counterparties, contractual counterparties, society, and environment. We fully support free and fair trade, and try to avoid transactions that may cause conflict of interests, breach of intellectual properties, and any forms of corruptions.

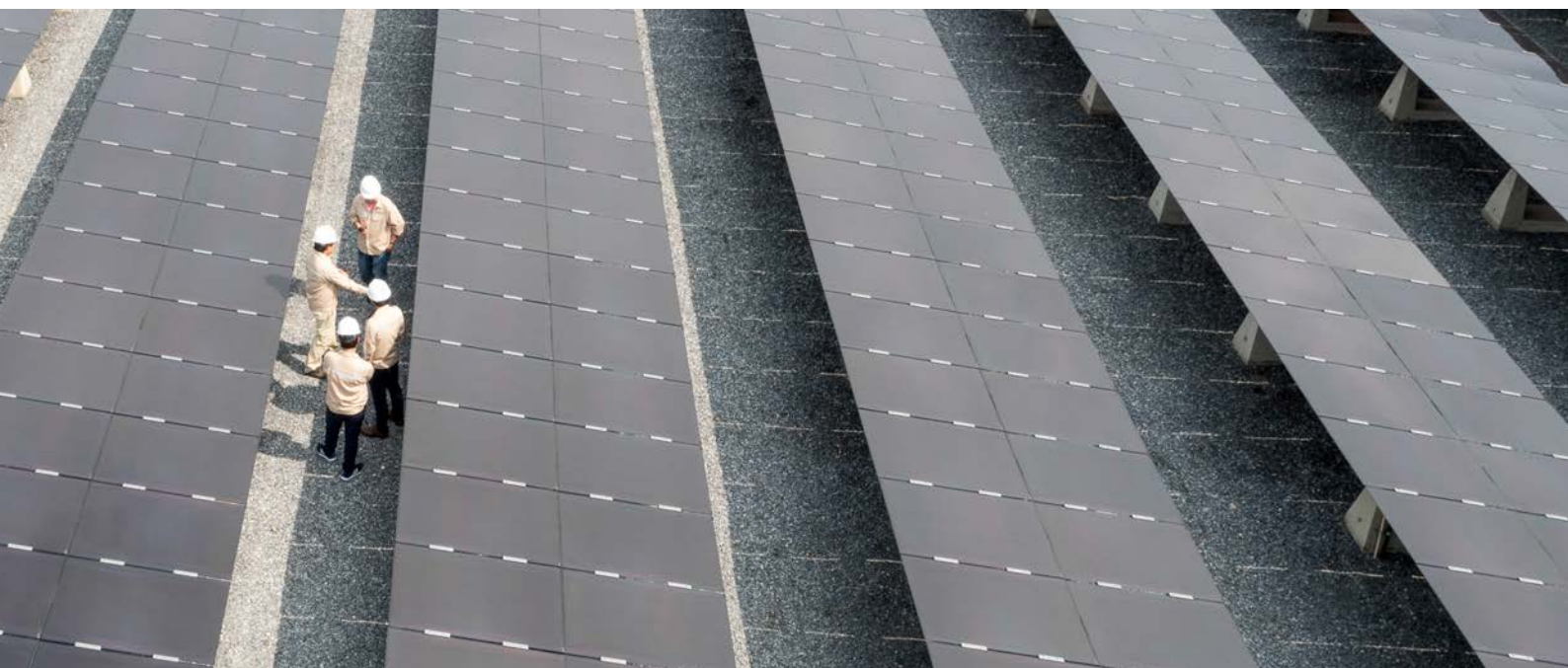
2. Anti-Corruption

We focus to make our business engagement transparent with full consideration of anti-corruption principle. We established anti-corruption policy, to be guideline for protect and ban engagement in activities that may become corruption. We



try to promote culture of anti-corruption within our organization, in order to create full awareness the harm of corruption and allow anti-corruption policy materialized. Key details of our anti-corruption policies include:

- (1) Prohibit directors, management, and all employees to act, avoid to act, or use their authorities with bad intention, to breach laws, to breach ethic principle, in order to gain corrupted interests in any forms, i.e. demand, receive, offer any assets or benefits from government authorities or any counterparties of our business.
- (2) Set-up gift and entertainment policy as part of ethics and business engagement guideline of Company. All employees shall not offer, demand, accept, or consent to receive gifts or entertainment treatment which may be considered as bribe and corruption. If case of receiving gifts, it shall be on reasonable basis, should not be cash or cash equivalent, and shall be transparent and auditable.
- (3) For the procurement process, key details of the transaction, i.e. objective of the transaction, payment process, and engagement in contract, shall be based on



appropriate authorization level and with clear supporting documents.

- (4) Communicate anti-corruption policy to all level within the group of companies, through various channels, i.e. seminar, internal communication channel, in order to create awareness and appropriate implementation.
- (5) Establish communication channel for whistleblower to report suspected case. Identity of whistleblower shall be strictly protected and classified. Appointment of investigator shall be made for all reported case.
- (6) Continually develop anti-corruption policy to be aligned with related and applicable laws and ethic principle. There should be frequent assessment on activities that may have high exposure to potential corruption, as well as establishing mitigation measures and communicating throughout organization.

3. Human rights

We highly value principle of human rights. We intend to have equal treatment principle for both inside and outside our organization. We respect both direct and indirect human rights of individual, including nationality, birth place, race,

sex, age, skin color, religious, status, and family clan. We closely monitor within organization related to human rights treatment.

We have policy to not involve in any activities related to forced labor and child labor. We have policy to respect and treat all stakeholders based on principle of human rights.

4. Treatment of our human resources

We have policy to create and maintain happy family-like work environment, with respect on each other throughout organization. Our human resource management intend to take care of our staffs in various stages, i.e. seeking candidates, human resource development, manage appropriate remuneration and compensation package, etc. We also support staffs for development of skills, in order to enhance career development.

5. Responsibilities to consumers

We determine to deliver quality products, with efficient generation process. We supply reliable power into electricity

grid of our customers, being Electricity Generation Authority of Thailand and utility companies in foreign countries.

6. Environment protection

We strictly follow laws and regulations related to environmental management, and have policy to protect environment. We have considered safety to environment in all business process, from business development to commercial operation stage.

7. Social and community development

We have policy to engage in businesses that are beneficial to economy and society, and to focus in being good corporate citizen. We determine in fully complying with applicable laws and regulations. We also determine in developing/enhancing quality of life for communities our site located along with growth of the Company, which is per ethic guidelines of our business. For example, in developing project location of our current project, we took into account water supply system for agricultural and consumption purpose of surrounding communities during design of our project.

We have policy to maintain good relationship with surrounding communities. We continually support activities of surrounding communities, with consideration of appropriateness of, the best benefits for, and sustainability of the program.

8. Innovation related to social responsibilities

We have policy to develop innovation for business operation from framework of social responsibilities, for the purpose of creating competitiveness of business and society. We will assess business process to identify risks and negative impacts to environment and society, and identify mitigation plan to minimize such impacts. We also study and analyze our process, in order to develop innovation and explore sustainable development of our businesses. In addition, if we are success in developing innovation which will be beneficial to competitiveness of business and society, we will disclose our innovation to promote implementation of other players.



Internal Control Risk Management

1. Conclusion of Board of Directors' Opinion about the Company's Internal Control System

The Company realizes about the importance of internal control appropriately and adequacy for the management to be in line with goal, purpose, law and related regulations efficiency which help protect to manage the risk management or other damage may occur in the company and stakeholder, it could be protected the asset from the corruption, damage and preparing the accuracy and reliability of accounting report.

The Board of Directors assigned the Audit Committee (AC) to review the appropriate and effective of internal control to ensure that the company's internal control system has an adequate, appropriate and compliance with COSO internal control framework (The Committee of Sponsoring Organization of the Treadway Commission), which will cover the Management Control, the Operational Control, the Accounting and Financial Control and compliance with law and regulations of compliance control.

In the Board of Directors meeting 07/2016 dated 27 December 2016, Audit Committee (AC) and Independent Director participated in the meeting, the Board of Directors assessed the adequacy of the internal control systems, which interrogate the information from management and related parties by comparing a guidance



of internal control under the concept of Committee of Sponsoring Organization of the Treadway Commission (COSO) as details follow:

- (1) Organizational Control and Environment Measures
- (2) Risk Management Measure
- (3) Management Control Activities
- (4) Information and Communication Measure
- (5) Monitoring

The Audit committee and Board of Directors have the opinions that the company has the internal control systems, staff adequately and appropriately to manage under the internal control systems effectively, and monitoring the operations of the subsidiaries which protect the assets of the Company and the subsidiaries from directors or the management abuse of asset spending. For internal control in other topics, the Committee considers that



the Company has internal control adequately and appropriately as well.

2. Head of company's internal audit and Head of company's operation control

2.1 Head of company's internal audit

The Company has appointed Dharmniti company limited to be head of internal audit of the company to review the company's internal control for 2016 2017 and 2018 respectively. The Dharmniti will review, monitor and assess the company's internal control process following yearly monitoring plan, and there are the report and recommendation for improving to be in line with plan and policy of the company's internal control, and the following 5 components of COSO as above

2.2 The appointment of Audit Committee about an adequacy of Head of internal audit

The Audit Committee has appointed, Head of internal audit who has appropriate educational background, experienced, knowledge and ability performed for the internal audit efficiency.

2.3 The guideline of consider approving, dismissal and transferring of Head of internal audit

In order to consider approving, dismissal and transferring of the incumbent as a head of internal audit of the company must be approved from the Audit Committee which is in order to charter of The Audit Committee's Company and approved by the Board of Directors

Related Party Transactions



1. Related Transactions

Related parties transactions between the Group and individual or juristic person, which may have conflict of interest, for the year ended 31 December 2017 can be summarized as follows;

Individual/juristic person, which may have conflict of interest	Nature of transactions	Transactions value for Year ended 31 December 2017 (Baht)	Necessity and Reasonableness of the Transaction	Opinion of Audit Committee
1. Sermsang Property Development Co, Ltd. ("SPD") (changed name from T.K.H. Development Co., Ltd. since 16 April 2015) and Mr. Viwat Kraipisitkul	• <u>Office rental</u> SSP rented the office building from SPD and Mr. Viwat Kraipisitkul	360,000	• Since May 2016, SSP rented the 250 m ² office space from Mr. Viwat Kraipisitkul, as the Group head office. The rental term is 3 years. Rental rate and terms are as specified in the agreement	• Such transaction supports the Company's normal business operation and the transaction is necessity and benefits the Company. The Company compared rate and terms with comparable property in nearby area. The rental rate and term does not make the Company lose benefits
	• <u>Office rental payable</u>	30,000		
2. Logic Spark Co., Ltd. ("LGS")	• <u>Advisor fee</u> SN paid the advisor fee to LGS for consultant service on solar rooftop power plant project	435,000	• Since the Group has policy to expand its business into solar rooftop power plant project through its subsidiary, SN. Therefore, SN engaged LGS to provide business consulting service, such service is part of feasibility study service in relation to solar rooftop power plant project	• Such transaction supports SN's normal business operation and the transaction is necessity and benefits the Group business expansion plan. The service rate and conditions are reasonable and comparable to those of other service providers in the market



Individual/juristic person, which may have conflict of interest	Nature of transactions	Transactions value for Year ended 31 December 2017 (Baht)	Necessity and Reasonableness of the Transaction	Opinion of Audit Committee
			<ul style="list-style-type: none"> The service agreement has a term of 8 months (from September 2016 to April 2017) which the service fee and condition are reasonable and comparable to those of other service providers in the market 	<ul style="list-style-type: none"> The Group selected the advisor through competitive bidding process as specified in the Company's procurement manual for solar rooftop power plant project However, at the end of service term, the Group intend not to renew or extend the service period
3. Ms. Thantaporn Kraipisitkul	Lender <ul style="list-style-type: none"> Ms. Thantaporn Kraipisitkul agrees to give loan to SSP and SGP <ul style="list-style-type: none"> Beginning the period Add loan during the period Repay during the period Remaining balance Interest expense 	<div>116,838</div> <div>-</div> <div>(116,838)</div> <hr/> <div>-</div>	<ul style="list-style-type: none"> The lender detail of Ms. Thantaporn Kraipisitkul that has offered to the group company is described as follow: <ul style="list-style-type: none"> For the year ended on December 31, 2016. Ms. Thantaporn Kraipisitkul gives the loan to the company group in beginning period at 37,139,913.0 baht 	

Individual/juristic person, which may have conflict of interest	Nature of transactions	Transactions value for Year ended 31 December 2017 (Baht)	Necessity and Reasonableness of the Transaction	Opinion of Audit Committee
			<p>and agrees to lend more during the period for 214,169,720.0 baht for using in restructure the company by having an interest rate and repayment conditions according to the agreements between the lender and the borrower. In 2016, the company group had repaid the loan to the lender for 251,192,795.0 baht, so the remaining balance at the final installment is 116,383.0 baht. However, the company group had already repaid all loan to the lender, Ms. Thantaporn Kraipisitkul since February 2017.</p> <ul style="list-style-type: none"> Whereas the company group will proceed to this transaction to not be occurred again in the future. 	<ul style="list-style-type: none"> This transaction provided financial assistance in the past to the committee. The interest was charged on the loan as agreed between the borrower and the lender. However, the company group will proceed to this transaction to not be occurred again in the future.

Individual/juristic person, which may have conflict of interest	Nature of transactions	Transactions value for Year ended 31 December 2017 (Baht)	Necessity and Reasonableness of the Transaction	Opinion of Audit Committee
4. Mrs. Thanyanee Kraipisitkul	<u>Purchasing land for WVO solar project (Ratchaburi)</u> SS has purchased the land which is the location of the Solar Project (WVO) Ratchaburi according to the project offered to WVO and has been chosen.	6,727,230	<ul style="list-style-type: none"> SS has offered the project of solar farm power plant for 5 MW at Ratchaburi province to WVO under the term of co-investors. Thus, SS will have to buy the land offered in this project and transfer the right of this land to WVO. Therefore, SS purchased the land from Mrs. Thanyanee Kraipisitkul and had already transferred the right to WVO according to the condition of the co-investors. SS had already signed the contract to co-invest with WVO since September 29, 2017. 	<ul style="list-style-type: none"> This transaction is in line with the conditions of general trade and normal business operations of the company without transferring benefits between the company and the related person. The land price is less than the estimated cost of an independent appraiser.

2. Mortgage Guarantee

Mortgage guarantee lists between the company group and the individuals who might have disagreement for the year ended 31 December 2017 can be concluded as following details.

Guarantor	Loan receiver/ Financial lease	The detail of credit line/Financial lease	For Year ended 31 December 2017 (Million Baht)		Necessity and Reasonableness of the Transaction	Opinion of Audit Committee
			Credit limit	Outstanding balance		
1. Mr. Viwat Kraipisitkul	SSC	<ul style="list-style-type: none"> Creditor according to the financial lease for 7.5 million bath SSC bought 3 cars on hire purchase from the car leasing company by having Mr. Viwat Kraipisitkul as a guarantor. This financial lease presents the outstanding balance on December 31, 2017 for 70,214 baht. 	-	0.07	<ul style="list-style-type: none"> Mr. Viwat Kraipisitkul guaranteed the financial lease of SSC on behalf of the individual without any guarantee fee Whereas this guarantee obligation will be expired in 2017 for 2 cars and a car in 2018 After this guarantee obligation is expired, the company group will proceed to this transaction which will not be occurred 	<ul style="list-style-type: none"> This transaction is under the normal business sponsor of SSC, and it has occurred in the past. This transaction is agreed to be necessary and beneficial for business transaction without guarantee fee. However, the company group will proceed to this transaction to not be occurred again in the future.

3. Measurements and Procedures for Approval of Related parties transactions

The meeting of the Board of Directors of the company approved the policy on entering into related parties transactions to allow the transactions between the company and/or its subsidiaries with the individuals or juristic persons that may have conflicts in a transparent manner. Also, it can maintain the benefits of the company group, so this can be summarized as follows.

The related parties transactions or connected transactions of the company group shall comply with the rules of the Securities and Exchange Act and the notification of the Capital Market Supervisory Board about the rules of connected transaction. Moreover, the notification of the Board of Governors of the Stock Exchange of Thailand about the disclosure of information and other actions of the registered companies in regard to the connected transactions and other related rules of the Securities and Exchange Commission and/or the Stock Exchange of Thailand shall comply with the conditions about the disclosure the related parties transactions in the Notes to Financial Statements audited by the company's auditors and the Annual Information Form (Form 56-1).

In case the law requires the company group to get approved from the meeting of the Board of Directors and/or the shareholders (as the case may be) before entering into any connected transactions, the company shall arrange the Audit Committee to consider and comment on such transactions. The opinions of the Audit Committee are also presented in the meeting of the Board of Directors and/or the shareholders (as the case may be) to ensure that the proposed transactions are in the best interest of the company group.

In the event that the related party transaction of the company and/or its subsidiaries with individuals who have a stake or may have conflicts about benefits in the future, the Audit Committee will give opinions on the necessity of entering into the transaction and the appropriateness of the price of such transaction based on the conditions. It is in line with normal business operations in the industry, and the prices will be compared with outsiders or market prices. If the Audit Committee does not have the expertise to consider the related parties transactions, the Company will arrange the independent experts or the auditors of the company to give comments on such transaction to be used for the decision of the Audit Committee, Board of Directors or shareholders as the case may be. The stakeholders are not allowed to vote for the approval

of the transaction. Also, related party transactions will be disclosed in the notes of financial statements audited or reviewed by the company's auditors.

In principle, the management department can approve such transactions if those transactions have trade agreements in the same way that a man should deal with a general partner in the same situation. With bargaining power on trades without the influence of being a committee, executive or related person, the company will prepare a summary report of such transaction to present in the next meeting of Board of Directors.

4. Policy and Trend of Future Related Parties Transactions

For entering into a connected transaction between the company and/or its subsidiaries, it has a stake or may have a conflict about benefits. The company will comply with the rules and regulations of the Stock Exchange of Thailand and the Securities and Exchange Commission, Thailand which become effective.

If the company and/or its subsidiaries aims to enter into a connected transaction with the connected person who have a stake or may have the conflict about benefits in the future, the company will strictly abide by the policies and procedures mentioned above. The Audit Committee has provided guidance for consideration on the necessity of the transaction to the company's operations. The committee not only consider the comparison of the prices with comparable items which have been done with outsiders (if any) but also the significance of the size of the transaction.

However, if there is a connected transaction, the company will arrange the Audit Committee to comment on the appropriateness of such transaction. In the event that the Audit Committee does not have the expertise to consider any related parties transactions, the company will provide knowledgeable persons or specialized expertise such as auditors or independent property appraisers to give an opinion on related parties transactions. The opinion of the Audit Committee or the persons with special expertise will be used for the decision of the Board of Directors or shareholders as the case may be. Therefore, the company can ensure that such transaction will not be transference or transfer of benefits between the company and/or its subsidiaries or shareholders of the company, but it is the transaction that the company considers the highest benefit of all shareholders.



Financial Highlights

During the year 2015 to the first quarter of 2016, our group restructured shareholding structure of the group and prepare to be listed in MAI by having SSP to acquire shares from existing shareholders, resulting to 100% shareholders in all current companies within the group. Such restricting is under the same control, the Company has prepared and presented the financial statement for the year ended 31 December 2015 and 31 December 2016, to reflect the financial position, financial performance and cash flows for the group under the same control, as if the Company has vision as the same economic unit to present the reports since the beginning year, whereas legal relationship of the Company occurs later.



1. Auditor's Report

The auditor's reports are as follows;

Financial statement	Opinion of Auditor
The Separate financial statement of SPN as at 31 December 2014	In my opinion, the financial position of SPN as at 31 December 2014, their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.
The consolidated financial statements of Sermsang Power Corporation Public Company Limited and its subsidiaries (the Group), and the separate financial statement of Sermsang Power Corporation Public Company Limited as at 31 December 2015	In my opinion, the financial position of Sermsang Power Corporation Public Company Limited and its subsidiaries as at 31 December 2015, and during 16 June 2015 (established the Company) – 31 December 2015, their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.
The consolidated financial statements of Sermsang Power Corporation Public Company Limited and its subsidiaries (the Group), and the separate financial statement of Sermsang Power Corporation Public Company Limited as at 31 December 2016	In my opinion, the financial position of Sermsang Power Corporation Public Company Limited and its subsidiaries and of Sermsang Power Corporation Public Company Limited as at 31 December 2016, their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.
The consolidated financial statements of Sermsang Power Corporation Public Company Limited and its subsidiaries (the Group), and the separate financial statement of Sermsang Power Corporation Public Company Limited as at 31 December 2017	In my opinion, the financial position of Sermsang Power Corporation Public Company Limited and its subsidiaries and of Sermsang Power Corporation Public Company Limited as at 31 December 2017, their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.



2. Financial Statements for the year ended 31 December 2015, 2016 and 2017

2.1 Statement of financial position

Statement of financial position	Consolidate Financial Statement as of December 31,					
	2015		2016		2017	
	MTHB	%	MTHB	%	MTHB	%
Asset						
Current assets						
Cash and cash equivalents	320.4	8.8	367.4	7.4	1,603.4	19.4
Trade and other receivables	155.6	4.3	156.8	3.2	151.4	1.8
Short-term loans to related parties	-	-	-	-	-	-
Other current assets	61.6	1.7	61.5	1.2	45.7	0.6
Total current assets	537.6	14.8	585.6	11.8	1,800.5	21.8
Non-current assets						
Revenue Department receivable	96.2	2.7	155.8	3.1	246.4	3.0
Long-term loans to related parties	-	-	-	-	-	-
Advance payment for construction	-	-	-	-	-	-
Property, plant and equipment	2,964.0	81.8	3,685.0	74.3	5,427.2	65.6
Other intangible assets	27.1	0.7	536.0	10.8	654.2	7.9
Prepaid rental	0.0	0.0	0.0	0.0	141.0	1.7
Deferred tax assets	0.0	0.0	0.2	0.0	0.3	0.0
Other non-current assets	0.0	0.0	0.1	0.0	0.3	0.0
Total non-current assets	3,087.3	85.2	4,377.0	88.2	6,469.4	78.2
Total assets	3,624.9	100.0	4,962.6	100.0	8,269.8	100.0

Statement of financial position (Continued)	Consolidate Financial Statement as of December 31,					
	2015		2016		2017	
	MTHB	%	MTHB	%	MTHB	%
Liabilities and shareholders' equity						
Current liabilities						
Trade payables and other payables	19.6	0.5	33.0	0.7	256.7	3.1
Construction retention	3.5	0.1	3.5	0.1	4.0	0.0
Short-term loans from related parties	37.1	1.0	0.1	0.0	-	-
Current portion of liabilities under finance lease agreements	1.7	0.0	1.8	0.0	0.1	0.0
Current portion of long-term loans	578.6	16.0	362.4	7.3	510.3	6.2
Income tax payable	-	-	-	-	-	-
Other current liabilities	10.3	0.3	10.5	0.2	11.4	0.1
Total current liabilities	650.8	18.0	411.3	8.3	782.5	9.5
Non-current liabilities						
Construction retention - net of current portion	-	-	-	-	-	-
Liabilities under finance lease agreements - net of current portion	1.9	0.1	0.1	0.0	-	-
Long-term loans - net of current portion	2,175.7	60.0	3,250.8	65.5	4,061.7	49.1
Other non-current liabilities	2.9	0.1	3.7	0.1	4.0	0.0
Total non-current liabilities	2,180.4	60.2	3,254.5	65.6	4,065.6	49.2
Total liabilities	2,831.2	78.1	3,665.8	73.9	4,848.2	58.6
Shareholders' equity						
Issued and fully paid up share capital	693.4	19.1	690.9	13.9	922.0	11.1
Share premium	-	-	-	-	1,511.2	18.3
Surplus on business combination under common control	-	-	33.1	0.7	33.1	0.4
Unappropriated	62.6	1.7	515.9	10.4	815.0	9.9
Appropriated - statutory reserve	-	-	-	-	40.7	0.5
Loss before group restructuring under the common control			-	-	-	-
Other components of shareholders' equity	37.7	1.0	1.8	0.0	(14.2)	(0.2)
Equity attributable to owners of the Company	793.7	21.9	1,241.6	25.0	3,307.8	40.0
Non-controlling interests of the subsidiaries	-	-	55.2	1.1	113.8	1.4
Total shareholders' equity	793.7	21.9	1,296.8	26.1	3,421.7	41.4
Total liabilities and shareholders' equity	3,624.9	100.0	4,962.6	100.0	8,269.8	100.0

2.2 Statement of profit or loss and other comprehensive income

Statement of profit or loss and other comprehensive income	Consolidate Financial Statement as of December 31,					
	2015		2016		2017	
	MTHB	%	MTHB	%	MTHB	%
Revenues						
Sales	292.9	34.4	285.6	32.6	283.8	32.4
Subsidy for adder	553.3	64.9	583.6	66.6	587.9	67.0
Other income	6.4	0.8	7.5	0.9	5.4	0.6
Total revenues	852.6	100.0	876.7	100.0	877.1	100.0
Expenses						
Cost of sales	159.3	18.7	169.0	19.3	167.6	19.1
Administrative expenses	54.6	6.4	114.2	13.0	219.9	25.1
Total expenses	213.9	25.1	283.2	32.3	387.5	44.2
Profit (loss) before finance cost and income tax expenses	638.7	74.9	593.5	67.7	489.6	55.8
Finance cost	140.2	16.4	146.1	16.7	146.9	16.7
Profit (loss) before income tax expenses	498.5	58.5	447.4	51.0	342.7	39.1
Income tax (expenses)	0.0	0.0	0.0	0.0	8.1	0.9
Profit (loss) for the year	498.5	58.5	447.4	51.0	334.6	38.1



2.3 Statement of Cash Flow

Statement of Cash flow	Consolidate Financial Statement as of December 31,		
	2015	2016	2017
	MTHB	MTHB	MTHB
Cash flows from operating activities			
Profit (loss) before tax	498.5	447.4	342.7
Adjustments to reconcile profit (loss) before tax to net cash provided by (paid from) operating activities:			
Depreciation and amortization	108.8	119.4	119.5
Gain on disposal of fixed assets	0	0.0	0.0
Provision for long-term employee benefits	-	0.3	0.5
Unrealized loss on exchange rate	-	0.8	1.0
Interest income	(2.1)	(2.6)	(2.5)
Finance cost	140.2	146.1	146.9
Profit (loss) from operating activities before changes in operating assets and liabilities	745.4	711.4	608.2
Operating assets (increase) decrease			
Trade and other receivables	(155.6)	1.4	6.1
Other current assets	(41.2)	(3.1)	15.1
Revenue Department receivable	2.4	(59.6)	(90.6)
Advance payment for construction	36.4	0.0	0.0
Other non-current assets	-	(0.1)	(0.1)
Operating liabilities increase (decrease)			
Trade and other payables	(274.3)	13.3	29.6
Construction retention	(204.7)	0.0	0.6
Other current liabilities	10.3	0.2	0.9
Other non-current liabilities	2.8	(0.2)	(0.4)
Cash paid for corporate income tax	0	0.0	(0.9)
Net cash flows from (used in) operating activities	121.4	663.5	568.4

Statement of Cash flow (Continued)	Consolidate Financial Statement as of December 31,		
	2015	2016	2017
	MTHB	MTHB	MTHB
Cash flows from investing activities			
Short-term loans to related parties	-	-	-
Long-term loans to related parties	75.6	-	-
Acquisition of property, plant and equipment	(361.0)	(831.2)	(1,815.4)
Acquisition of intangible assets	(12.0)	(510.0)	(145.8)
Subsidy from the government	0.0	0.0	144.9
Prepaid rental	0.0	0.0	(141.0)
Interest income	2.1	2.6	2.5
Purchases of subsidiaries from the group of major shareholders	-	(2.5)	0.0
Acquisition of non-controlling interest	-	59.5	65.4
Net cash flows from (used in) investing activities	(295.3)	(1,281.8)	(1,889.5)
Cash flows from financing activities			
Short-term loans from related parties	36.7	(37.0)	(0.1)
Liabilities under finance lease agreements	(1.6)	(1.7)	(1.8)
Cash receipt from long-term loans from bank	911.9	1,552.7	2,174.7
Repayment of long-term loans from bank	(282.6)	(583.9)	(1,059.4)
Proceeds from increase in share capital	225.5	0.0	1,774.6
Cash payment of direct costs related to share offering		0.0	(40.4)
Dividend paid for subsidiary's existing shareholders	(361.6)	0.0	0.0
Cash payment of interest and fee expenses	(134.8)	(264.1)	(288.1)
Net cash flows from (used in) financing activities	393.6	666.0	2,559.5
Translation adjustments	-	(0.7)	(2.3)
Net increase (decrease) in cash and cash equivalents	219.7	47.0	1,236.0
Cash and cash equivalents at beginning of year	100.7	320.4	367.4
Cash and cash equivalents at end of year	320.4	367.4	1,603.4

3. Financial Ratio

Financial Ratio	Consolidate Financial Statement as of December 31,		
	2015	2016	2017
Liquidity Ratio			
Current ratio (Times)	0.8	1.4	2.3
Quick ratio (Times)	0.7	1.3	2.2
Cash flow current ratio (Times)	0.2	1.2	1.0
Receivable turnover (Times)	5.4	5.6	5.7
Average collection period (Days)	66.2	64.7	63.6
Inventory turnover (Times)	N/A	N/A	N/A
Average selling period (Days)	N/A	N/A	N/A
Payable turnover (Times)	1.0	8.8	7.2
Average payment period (Days)	354.3	40.8	49.9
Cash cycle (Days)	(288.2)	24.1	13.8
Profitability Ratio			
Gross profit margin (%)	81.2	80.6	80.8
Operating profit margin (%)	75.5	68.3	56.2
Other profit margin (%)	0.8	0.9	0.6
Cash to profit margin (%)	19.0	111.8	116.1
Net profit margin (%)	58.5	51.0	38.1
Return on equity (%)	81.4	42.8	14.2
Efficiency Ratio			
Return on assets (%)	14.9	10.4	5.1
Return on fixed assets (%)	21.4	17.0	10.0
Total asset turnover (Times)	0.3	0.2	0.1
Financial Ratio			
Debt to equity ratio (Times)	3.6	2.8	1.4
Interest coverage ratio (Times)	1.9	2.5	2.0
Commitment coverage ratio (Times)	0.1	0.3	0.2
Dividend payout ratio (%)	72.5	N/A	N/A



Management's Discussion and Analysis

1. Overview of past performance

As of 31 December 2017, our group engages in renewable power business, for projects both in Thailand and foreign countries. We had 1 project under commercial operation, Sermuang Palang Ngan (SPN) located in Lopburi province with 52 MW installed capacity, and 6 projects under construction, with totaled installed capacity of 81.3 MW.

For fiscal year ended 31 December 2015, 2016, and 2017, we have electricity sale revenue of 846.2 MTHB, 869.2 MTHB, and 871.7 MTHB, respectively. We started to recognize electricity sale revenue from SPN project from its Commercial Operation Date in February 2015. As such, electricity sale revenue from 2016 is for 12-months commercial operation. For fiscal year 2017, we have increased electricity sale revenue mainly as a result of increased sale volume, despite lower average tariff (Base tariff plus Ft) comparing to that of 2016.

For fiscal year ended 31 December 2015, 2016, and 2017, we have total revenue of 852.6 MTHB, 876.7 MTHB, and 877.1 MTHB, respectively. Comparing fiscal year 2016 and 2015, increased total revenue is mainly driven from higher sale revenue. Comparing fiscal year 2017 and 2016, increased total revenue is mainly driven by increased sale volume, despite lower average tariff.

For fiscal year ended 31 December 2015, 2016, and 2017, we have cost of goods sold of 159.3 MTHB, 169.0 MTHB, and 167.6 MTHB, respectively. Comparing fiscal year 2016 and 2015, the increase is mainly as a result of commercial operation for only 11 months for fiscal year 2015. Comparing fiscal year 2017 and 2016, the decrease is insignificant, only 1.4 MTHB or 0.8%.

For fiscal year ended 31 December 2015, 2016, and 2017, we have gross profit of 686.9 MTHB, 700.1 MTHB, and 704.1 MTHB, respectively. The gross profit margin for fiscal year 2015, 2016, and 2017 is 81.2%, 80.6%, and 80.8%, respectively. Comparing fiscal year 2016 and 2015, the decrease of gross profit is mainly driven by lower average tariff. Comparing fiscal year 2017 and 2016, the gross profit increased due to higher sale revenue and lower cost of goods sold.

For fiscal year ended 31 December 2015, 2016, and 2017, we have net profit of 498.5 MTHB, 447.4 MTHB, and 334.6 MTHB, respectively. The net profit margin for fiscal year 2015, 2016, and 2017 are 58.5%, 51.2%, and 38.1%, respectively. Comparing fiscal year 2016 and 2015, the decrease is mainly driven by increase in general and administration cost (SG&A), resulted from expansion of our management team and staffs to support business expansion activities, interest expenses, and uncaptured costs related to construction and development of solar projects in Japan. Comparing fiscal year 2017 and 2016, the decrease is mainly driven by increase in unrealized foreign exchange loss, increase in SG&A, and uncaptured cost during construction and development of solar projects in Japan.





For fiscal year ended 31 December 2015, 2016, and 2017, we have Adjusted Operating Profit of 495.3 MTHB, 487.2 MTHB, and 472.1 MTHB, respectively. Adjusted Operating Profit is key indicator management and board of directors used for determining operational results of our group, and as one of criteria to consider dividend payment of the Company.

As of 31 December 2015, 2016, and 2017, our total assets are 3,624.9 MTHB, 4,962.6 MTHB, and 8,269.8 MTHB, respectively. The increase of our assets reflects the investment in additional projects in fiscal year 2016 and 2017, as well as the fund raised from IPO during the third quarter of 2017. For fiscal year 2015, 2016, and 2017, we have return on assets ratio of 14.9%, 10.4%, and 5.1%, respectively.

As of 31 December 2015, 2016, and 2017, our total liabilities are 2,831.2 MTHB, 3,665.8 MTHB, and 4,848.2 MTHB, respectively, whereas our total shareholders' equity (excluded minority's interests) are 793.7 MTHB, 1,241.6 MTHB, and 3,307.8 MTHB, respectively. The Debt-to-Equity ratio is at 3.57 times, 2.95 times, and 1.47 times respectively.

For fiscal year 2015, 2016, and 2017, we have return to equity ratio of 81.4%, 42.8%, and 14.2%, respectively.

2. Analysis of operating results and Financial status for fiscal year 2015 2016 and 2017

2.1 Analysis of operating results

Revenue

For fiscal year ended 31 December 2015, 2016, and 2017, we have electricity sale revenue of 846.2 MTHB, 869.2 MTHB, and 871.7 MTHB, respectively. We started to recognize electricity sale revenue from SPN project from its Commercial Operation Date in February 2015. Thus, electricity sale revenue from 2015 is for 11-months commercial operation comparing to that of 2016 and 2017.

For fiscal year ended 31 December 2015, 2016, and 2017, we have total revenue of 852.6 MTHB, 876.7 MTHB, and 877.1 MTHB, respectively. Other revenues included exchange gain (for 2015) interest revenue, import tax and revenue related to power development fund etc.

Revenue Structure	Consolidate Financial Statement As of December, 31					
	2015		2016		2017	
	Amount (Million Baht)	%	Amount (Million Baht)	%	Amount (Million Baht)	%
Sale revenue from electricity rate (base tariff + Ft)	292.9	34.3	285.6	32.6	283.8	32.4
Sale revenue from Adder	553.3	64.9	583.6	66.6	587.9	67.0
Sale revenue from electricity sale	846.2	99.2	869.2	99.1	871.7	99.4
Other revenues ¹	6.4	0.8	7.5	0.9	5.4	0.6
Total sale revenues	852.6	100.0	876.7	100.0	877.1	100.0

Remark : ¹ Other revenues included (but not limited to) import tax, interest revenue, and revenue related to power development fund.

Sale revenue from electricity sale comprised of (1) sale revenue from grid tariff (Base Tariff + Ft) and (2) sale revenue from Adder.

Project	Contract Capacity (MW)	Electricity Volume (MWh)		
		As of 31 December 2015	As of 31 December 2016	As of 31 December 2017
Sernsang Solar Project (SPN Project)	40	85,123.6	89,783.9	90,448.2
Total		85,123.6	89,783.9	90,448.2
Average Tariff Rate (Baht/KWh)		3.44	3.18	3.14

For fiscal year ended 31 December 2015, 2016, and 2017, we have sale volume of 85,123.6 MWh, 89,783.9 MWh and 90,448.2 MWh, respectively. Comparing fiscal year 2016 and 2015, increased sale volume from 2016 is for 12-months commercial operation comparing. Comparing fiscal year 2017 and 2016, increased sale volume by 0.74%.

For fiscal year ended 31 December 2015, 2016, and 2017, average tariff rate of 3.44, 3.18 and 3.14 Baht/KWh, respectively. The decrease is mainly as a result of lower average electricity tariff, which decrease continually since the period of May 2015 - April 2017 and increased FT during the period of May - December 2017.

Cost of Sales

For fiscal year ended 31 December 2015, 2016, and 2017, we have cost of good sales of 159.3 MTHB, 169.0 MTHB and 167.6 MTHB, respectively. Comparing fiscal year 2016 and 2015, the increase is mainly as a result of commercial operation for 12 months for fiscal year 2016. Comparing fiscal year 2017 and 2016, the decrease is insignificant by 0.8%.

Cost of sales comprised of (1) depreciation and amortization, (2) operating and maintenance cost of solar plant, and (3) other costs (i.e. electricity cost, salary and bonus, and insurance fee).

Cost of sales	Consolidate Financial Statement As of December, 31					
	2015		2016		2017	
	Amount (Million Baht)	%	Amount (Million Baht)	%	Amount (Million Baht)	%
Depreciation and amortization	108.8	68.3	119.4	70.6	119.5	71.3
Operating and maintenance cost	34.8	21.9	38.0	22.5	38.2	22.8
Others ¹	15.6	9.8	11.6	6.9	9.8	5.9
Cost of sales	159.3	100.0	169.0	100.0	167.6	100.0

Remark : ¹ Others included (but not limited to) electricity, salary and bones, and insurance fee

Gross Profit

For fiscal year ended 31 December 2015, 2016, and 2017, we have gross profit of 686.9 MTHB, 700.1 MTHB and 704.1 MTHB, respectively. The gross profit margin for fiscal year 2015, 2016, and 2017 is 81.2%, 80.6% and 80.8% respectively. Comparing fiscal year 2016 and 2015, the increase of gross profit is mainly driven by higher sale volume, whereas average tariff decreased from 3.44 Baht/KWh to 3.18 Baht/KWh and the increased of cost of goods sole is for 12-months commercial operation for fiscal year 2016. Comparing fiscal year 2017 and 2016, the gross profit increased due to higher sale revenue and lower cost of goods sold, whereas average tariff decreased from 3.18 Baht/KWh to 3.14 Baht/KWh.

	Consolidate Financial Statement As of December, 31					
	2015		2016		2017	
	Amount (Million Baht)	%	Amount (Million Baht)	%	Amount (Million Baht)	%
Sale revenue from electricity sale	846.2	100.0	869.2	100.0	871.7	100.0
Cost of sales	159.3	18.8	169.0	19.4	167.6	19.2
Gross profit	686.9	81.2	700.1	80.6	704.1	80.8

Administrative Expenses

For fiscal year ended 31 December 2015, 2016, and 2017, we have administrative expenses of 54.6 MTHB, 114.2 MTHB and 219.9 MTHB, respectively. The increase is mainly as a result of (1) increase of staff expenses as a result of increase of headcount to support business expansion both locally and internationally, (2) increase of expenses for project development and solar power plant project in Japan (3) Uncapitalized construction cost of project under construction (i.e. land lease during construction) and (4) Unrealized foreign exchange loss (which is recorded as administrative expenses for fiscal year 2017)

Administrative expenses (Unit : MTHB)	Consolidate Financial Statement As of December, 31		
	2015	2016	2017
Unrealized FX loss	(3.1)	19.0	72.8
Land lease during construction	-	7.1	31.5
General G&A expenses	57.8	88.1	115.6
Administrative expenses	54.6	114.2	219.9

Financial Costs

For fiscal year ended 31 December 2015, 2016, and 2017, we have financial costs of 140.2 MTHB, 146.1 MTHB and 146.9 MTHB, respectively. Financial costs consist of interest expense (mostly floating interest rate) and interest rate swap expenses (which is converted to fixed rate from float rate). the increase of financial cost (both fiscal year 2016 and 2017) is mainly driven by the drawn down of long-term loan for investment in solar projects, despite the repayment of Company's long-term loan (approx. 715 MTHB) with fund raised from IPO during the third quarter of 2017.

Financial costs	Consolidate Financial Statement As of December, 31		
	2015	2016	2017
	Amount (Million Baht)	Amount (Million Baht)	Amount (Million Baht)
Interest expense	113.6	109.5	112.8
Interest Rate Swap (IRS)	26.6	36.6	34.1
Financial costs	140.2	146.1	146.9

Net Profit (attributed to company's shareholders)

For fiscal year ended 31 December 2015, 2016, and 2017, we have net profit (attributed to company's shareholders) of 498.5 MTHB, 448.6 MTHB and 339.8 MTHB, respectively. The net profit margin for fiscal year 2015, 2016, and 2017 is 58.5%, 51.2% and 38.1% respectively. Comparing fiscal year 2016 and 2015, the decrease of net profit is mainly driven by increase in general and administration cost (SG&A), resulted from expansion of our management team and staffs to support business expansion activities and increase of expenses related to development of solar projects in Japan. Comparing fiscal year 2017 and 2016, the decrease of net profit is mainly driven by increase in unrealized foreign exchange loss, increase in general and administration cost (SG&A), and uncaptured cost during construction and development of solar projects in Japan, whereas higher sale volume and decrease in cost of sales.

Adjusted Operating Profit

Adjusted Operating Profit is the key performance indicator of management and board of directors for evaluating company's financial results, and be used for considering dividend payment decision, along with the dividend policy of the company.

Adjusted Operating Profit is adjusted from net profit attribute to company's shareholder by the items as follows.

Adjusted Operating Profit (Unit: Million Baht)	Consolidate Financial Statement As of December, 31		
	2015	2016	2017
Net profit distribution to SSP's shareholders	498.5	448.6	339.8
Unrealized foreign exchange gain/loss	(3.1)	19.0	72.8
Uncapitalized land lease during construction (excluding minority interest)	-	6.1	26.6
Uncapitalized financial cost during construction	-	13.5	25.0
Deferred tax (revenue)/expenses	-	(0.05)	8.0
Adjusted Operating Profit (to SSP's shareholders)	495.3	487.2	472.1

For fiscal year ended 31 December 2015, 2016, and 2017, we have Adjusted Operating Profit of 495.3 MTHB, 487.2 MTHB and 472.1 MTHB, respectively. The AOP margin for fiscal year 2015, 2016, and 2017 is 58.1%, 55.6% and 53.8% respectively. Comparing fiscal year 2016 and 2015, and Comparing fiscal year 2017 and 2018, The decrease is mainly as a result of increase in general administrative expenses.

3. Financial status

Assets

Key assets of our group are Property Plant and Equipment (PP&E), which mainly for the operation of our solar power projects, i.e. land, land improvement, power plant, equipment, etc. As of 31 December 2015, 2016, and 2017, we have PP&E of approximately 81.8%, 74.3%, and 65.6% of total assets, respectively.

As of 31 December 2015, 2016, and 2017, our total assets are 3,624.9 MTHB, 4,962.6 MTHB, and 8,269.8 MTHB, respectively. The increase of our assets reflects the investment in additional projects in foreign countries, as well as the fund raised from IPO during the third quarter of 2017.

Cash and Cash Equivalent

As of 31 December 2015, 2016, and 2017, our cash and cash equivalent are 320.4 MTHB, 367.4 MTHB, and 1,603.4 MTHB, respectively. Comparing at year end 2016 and 2017, the increase is mainly as a result of fund raised from IPO during the third quarter 2017, despite the usage of such fund to repay long-term loan of the Company.

Property Plant and Equipment (PP&E)

As of 31 December 2015, 2016, and 2017, our PP&E are 2,964.0 MTHB, 3,685.0 MTHB, and 5,427.2 MTHB, respectively. The increase reflects our investment and development of projects in Japan (both for year 2016 and 2017) and Mongolia (for year 2017).

Intangible Assets

As of 31 December 2015, 2016, and 2017, our intangible assets are 27.1 MTHB, 536.0 MTHB, and 654.2 MTHB, respectively. The increase is mainly driven by the record of (1) rights of use of transmission system for solar projects in Japan, (2) communication system for solar projects in Japan.

Liabilities

As of 31 December 2015, 2016, and 2017, our total liabilities are 2,831.2 MTHB, 3,665.8 MTHB, and 4,848.2 MTHB, respectively. Comparing at yearend 2016 and 2015, the increase is mainly driven by the drawn down of long-term loan from financial institutions in Thailand and Japan, for investment in solar projects in Japan. Comparing at yearend 2017 and 2016, the increase is mainly driven by the drawn down of long-term loan from financial institutions in Japan, despite the repayment of Company's long-term loan (approx. 715 MTHB) with fund raised from IPO.

Long-term loans from financial institutions

As of 31 December 2015, 2016, and 2017, our long-term loan is accounted for 97.3%, 98.6%, and 94.3% of total liabilities, respectively. Comparing yearend 2016 and 2015, the increase is mainly driven from drawn down of long-term loan from financial institutions in both Thailand and Japan, despite the repayment of long-term loan at SPN. Comparing yearend 2016 and 2015, the increase the increase is mainly driven from drawn down of long-term loan from financial institutions in Japan, despite the repayment of company's and SPN's long-term loan.

Shareholders' Equity

As of 31 December 2015, 2016, and 2017, our shareholders' equity is 793.7 MTHB, 1,296.8 MTHB, and 3,421.7, respectively. The increase in 2016 is mainly as a result of profit contribution from SPN project. The increase in 2017 is mainly as a result of both profit contribution from SPN project and fund raised from IPO during the third quarter of 2017.

Liquidity Analysis

Cash Flow Statement	Consolidate Financial Statement As of December, 31		
	2015	2016	2017
	Amount (Million Baht)	Amount (Million Baht)	Amount (Million Baht)
Profit (loss) from operating activities before changes in operating assets and liabilities	745.4	711.4	608.2
Operating assets/liabilities (increase) decrease	(624.0)	(48.0)	(38.8)
Net cash flows from (used in) operating activities	121.4	663.5	568.4
Net cash flows from (used in) investing activities	(295.3)	(1,281.8)	(1,889.5)
Net cash flows from financing activities	393.6	666.0	2,559.5
Translation adjustments	-	(0.7)	(2.3)
Net increase (decrease) in cash and cash equivalents	219.7	47.0	1,236.0
Cash and cash equivalents at beginning of year	100.7	320.4	367.4
Cash and cash equivalents at end of year	320.4	367.4	1,603.4

Cash flow from operation

For fiscal year 2015, 2016, and 2017, we have cash flow from operation of 121.4 MTHB, 663.5 MTHB, and 568.4 MTHB, respectively. Comparing 2016 and 2015, the increase is as a result of lower change in working capital, even though operating profit before change in working capital is relatively stable. Comparing 2017 and 2016, the decrease is mainly as a result of decrease in operating profit before change in working capital.

Cash flow from investment

For fiscal year 2015, 2016, and 2017, we have cash flow used for investment of 295.3 MTHB, 1,281.8 MTHB, and 1,889.5 MTHB, respectively. The increase in cash flow used for investment reflects our investment in solar projects in Japan and Mongolia.

Cash flow from financing

For fiscal year 2015, 2016, and 2017, we have cash flow from financing of 393.6 MTHB, 666.0 MTHB, and 2,559.5 MTHB, respectively. The increase in cash flow from financing reflects the drawn down of long-term loan from financial institution in Thailand and Japan for investment in solar projects in Japan and fund raised from IPO during the third quarter 2017.

4. Key financial ratio

Liquidity Ratio	Consolidate Financial Statement As of December, 31		
	2015	2016	2017
Current ratio (Times)	0.8	1.4	2.3
Average collection period (days)	66.2	64.7	63.6
Average payment period (days)	354.3	40.8	49.9

Remark : ¹ Calculated by 360 (days) / (Net sale / Account receivable and other receivable)

Comparing fiscal year 2016 and 2015, Company had higher current ratio from 0.8 times to 1.4 times, mainly driven from decrease in current liabilities, due to decrease of current portion of long-term loan, whereas current assets insignificantly changed.

Comparing fiscal year 2017 and 2016, Company had higher current ratio from 1.4 times to 2.3 times, mainly driven from increase of cash and cash equivalent, due to proceed from fund raised from IPO during the third quarter of 2017.

Profitability ratio

Profitability Ratio	Consolidate Financial Statement As of December, 31		
	2015	2016	2017
Gross Profit Margin (%)	81.2	80.6	80.8
Other Profit Margin (%)	0.8	0.9	0.6
Net Profit Margin (%)	58.5	51.0	38.1
Return on Equity (%)	81.4	42.8	14.2

Comparing fiscal year 2016 and 2015, Company had lower gross profit and net profit margin. The return to equity ratio also was significantly lowered, as a result of both lower net profit of 2016 and increased shareholders' equity.

Comparing fiscal year 2017 and 2016, Company had higher gross profit, but lower net profit. The return to equity ratio was significantly lowered, as a result of both lower net profit of 2017 and increased shareholders' equity (reflecting IPO during the third quarter of 2017).

Efficiency ratio

Efficiency Ratio	Consolidate Financial Statement As of December, 31		
	2015	2016	2017
Return on Assets (%)	14.9	10.4	5.1
Return on Fixed Assets (%)	21.4	17.0	10.0

Comparing fiscal year 2016 and 2015, as well as comparing fiscal year 2017 and 2016, Company had lower return on assets and return on fixed assets. Main driver is the increase of assets from investment in solar farm projects abroad, which did not start commercial operation and not generate revenue yet in 2016 and 2017.

Financial status ratio

Financial Ratio	Consolidate Financial Statement As of December, 31		
	2015	2016	2017
Debt to Equity (Times)	3.6	2.8	1.4
Interest Coverage (Times)	1.9	2.5	2.0
Dividend Payout (%)	72.5	N/A	N/A

Comparing fiscal year 2016 and 2015, Company had lower debt to equity ratio. The main driver is increased shareholder's equity, resulted from contributed net income for the year 2016, despite increase in long-term loan for investment in projects. Company also had higher interest coverage ratio, as a result of higher cash flow from operation.

Comparing fiscal year 2017 and 2016, Company had lower debt to equity ratio. The main driver is increased shareholder's equity, resulted from both contributed net income for the year 2016 and additional equity from IPO during the third quarter of 2017, despite increase in long-term loan for investment in projects. Company had lower interest coverage ratio, as a result of higher financial costs due to increased long-term loan.



Independent Auditor's Report

To the Shareholders of Semsang Power Corporation Public Company Limited

Opinion

I have audited the accompanying consolidated financial statements of Semsang Power Corporation Public Company Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2017, 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 Semsang Power Corporation 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 Semsang Power Corporation Public Company Limited and its subsidiaries and of Semsang Power Corporation Public Company Limited as at 31 December 2017, 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.

Provision for impairment of investment in subsidiaries

As described in Note 9 to the consolidated financial statements, as at 31 December 2017, the Company had investments in subsidiaries, stated at cost less provision for impairment in the separate financial statements, totaling Baht 1,158 million. In assessing the impairment of these investments, the management needs to exercise substantial judgment to determine the recoverable value which relevant to the projection of future cash flows that are expected to be generated from business operations of subsidiaries and other assumptions used by the management including discount rates and the estimate of future revenue. I therefore draw attention to the audit of this matter.

I assessed and gained an understanding of the cash flow projections of the subsidiaries prepared by the management of the Company and the assumptions used by the management to derive such figures by comparing these assumptions with other available sources of data to assess management's judgement in projecting future cash flows. I also compared the discount rate used by the management with that of the industry and tested the calculation of the recoverable amount of the investment in the subsidiaries in accordance with the financial model used by the management.

Project costs of power plant under construction

As described in the Note 10 to the consolidated financial statements, the subsidiaries carried out construction of the power plant in overseas in 2017. Project costs during the construction phase comprised construction costs, other direct cost and related borrowing costs. The management needs to exercise substantial judgement with respect to the identification and recording of these project costs and the capitalization of borrowing costs. I therefore draw attention to the audit of this matter.

I directed and supervised the work of the component auditor related to power plant under construction to obtain sufficient and appropriate audit evidence on the following:

- The recording of purchase and payment transactions related to the power plant under construction
- Examination the representative samples of power plant under construction transactions against supporting documents for the additions occurring during the year
- Testing the calculation and the recording of the borrowing costs capitalised to power plant under construction
- Reviewing whether the recording of power plant under construction was in accordance with Thai Financial Reporting Standards.

In addition, I reviewed the disclosure of information related to power plant under construction in the notes to financial statements.

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

Ratana Jala

Certified Public Accountant (Thailand) No. 3734

EY Office Limited

Bangkok: 28 February 2018

Sernsang Power Corporation Public Company and its subsidiaries

Statement of financial position

As at 31 December 2017

(Unit: Baht)

	Note	Consolidated financial statements			Separate financial statement		
		As at	As at	As at	As at	As at	As at
		31 December 2017	31 December 2016	1 January 2016	31 December 2017	31 December 2016	1 January 2016
			(Restated)			(Restated)	
Assets							
Current assets							
Cash and cash equivalents	7	1,603,392,246	367,356,517	320,377,990	699,493,729	95,893,263	730,035
Trade and other receivables	6, 8	151,364,248	156,766,163	158,183,251	93,263,224	29,595,798	19,616
Short-term loans to related parties	6	-	-	-	302,997,448	7,142,875	3,807,088
Long-term loans to related parties							
- current portion	6	-	-	-	-	24,182,277	-
Other current assets		45,729,526	61,496,416	58,997,063	-	-	-
Total current assets		1,800,486,020	585,619,096	537,558,304	1,095,754,401	156,814,213	4,556,739
Non-current assets							
Revenue Department receivable		246,377,717	155,781,264	96,163,993	2,205,487	-	-
Long-term loans to related parties							
- net of current portion	6	-	-	-	1,162,004,200	502,885,226	59,000,000
Investments in subsidiaries - net	9	-	-	-	1,158,588,208	1,083,137,200	1,057,817,250
Property, plant and equipment	10	5,427,213,145	3,684,952,730	2,963,974,449	1,123,961	826,617	-
Other intangible assets	11	654,207,263	535,996,888	27,139,458	65,780	69,322	-
Prepaid rental		141,002,759	-	-	-	-	-
Deferred tax assets	18	292,862	212,500	25,252	95,854	96,562	-
Other non-current assets		263,605	80,986	4,000	-	-	-
Total non-current assets		6,469,357,351	4,377,024,368	3,087,307,152	2,324,083,490	1,587,014,927	1,116,817,250
Total assets		8,269,843,371	4,962,643,464	3,624,865,456	3,419,837,891	1,743,829,140	1,121,373,989

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

Sermsang Power Corporation Public Company and its subsidiaries

Statement of financial position (continued)

As at 31 December 2017

(Unit: Baht)

	Note	Consolidated financial statements			Separate financial statement		
		As at	As at	As at	As at	As at	As at
		31 December 2017	31 December 2016	1 January 2016	31 December 2017	31 December 2016	1 January 2016
			(Restated)		(Restated)		
Liabilities and shareholders' equity							
Current liabilities							
Trade payables and other payables	6, 12	256,695,653	32,958,717	19,620,248	27,162,191	20,147,196	4,287,111
Construction retention		4,036,238	3,474,163	3,474,163	-	-	-
Short-term loans from related parties	6	-	116,838	37,139,913	147,579,940	103,330,650	430,913,999
Current portion of liabilities under finance lease agreements	14	70,241	1,803,079	1,666,677	-	-	-
Current portion of long-term loans	13	510,313,401	362,414,467	578,591,815	-	22,666,938	-
Other current liabilities		11,410,460	10,518,621	10,296,008	1,820,000	1,100,206	-
Total current liabilities		782,525,993	411,285,885	650,788,824	176,562,131	147,244,990	435,201,110
Non-current liabilities							
Liabilities under finance lease agreements - net of current portion	14	-	65,116	1,868,195	-	-	-
Long-term loans - net of current portion	13	4,061,676,194	3,250,790,305	2,175,671,596	-	415,854,299	-
Other non-current liabilities		3,972,501	3,692,653	2,872,382	479,271	482,809	-
Total non-current liabilities		4,065,648,695	3,254,548,074	2,180,412,173	479,271	416,337,108	-
Total liabilities		4,848,174,688	3,665,833,959	2,831,200,997	177,041,402	563,582,098	435,201,110

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

Sernsang Power Corporation Public Company and its subsidiaries

Statement of financial position (continued)

As at 31 December 2017

(Unit: Baht)

		Consolidated financial statements			Separate financial statement			
		As at	As at	As at	As at	As at	As at	
		Note	31 December 2017	31 December 2016	1 January 2016	31 December 2017	31 December 2016	1 January 2016
				(Restated)			(Restated)	
Shareholders' equity								
Share capital								
Registered								
(2017: 922,000,000 ordinary shares of Baht 1 each)	15							
(2016: 6,916,250 ordinary shares of Baht 100 each)		922,000,000	691,625,000	-	922,000,000	691,625,000	691,625,000	
Issued and paid up								
(2017: 922,000,000 ordinary shares of Baht 1 each)	16	922,000,000	-	-	922,000,000	-	-	
(2016: 10,000 ordinary shares, paid up at 25%)		-	250,000	-	-	250,000	250,000	
6,906,250 ordinary shares, paid up at 100%)		-	690,625,000	-	-	690,625,000	690,625,000	
Issued and paid up before group restructuring								
under the common control		-	-	693,377,869	-	-	-	
Issued and fully paid up share capital		922,000,000	690,875,000	693,377,869	922,000,000	690,875,000	690,875,000	
Share premium	16	1,511,209,678	-	-	1,511,209,678	-	-	
Surplus on business combination								
under common control		33,098,414	33,098,414	37,697,867	-	-	-	
Retained earnings								
Appropriated - statutory reserve	17	40,713,654	-	-	40,713,654	-	-	
Unappropriated		814,990,512	515,871,796	67,229,562	768,857,310	489,687,533	(4,702,121)	
Loss before group restructuring under the common control		-	-	(4,599,453)	-	-	-	
Other components of shareholders' equity		(14,182,391)	1,774,143	(41,386)	15,847	(315,491)	-	
Equity attributable to owners of the Company		3,307,829,867	1,241,619,353	793,664,459	3,242,796,489	1,180,247,042	686,172,879	
Non-controlling interests of the subsidiaries		113,838,816	55,190,152	-	-	-	-	
Total shareholders' equity		3,421,668,683	1,296,809,505	793,664,459	3,242,796,489	1,180,247,042	686,172,879	
Total liabilities and shareholders' equity		8,269,843,371	4,962,643,464	3,624,865,456	3,419,837,891	1,743,829,140	1,121,373,989	

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

Directors

Sermsang Power Corporation Public Company and its subsidiaries

Statement of comprehensive income

For the year ended 31 December 2017

(Unit: Baht)

		Consolidated financial statements		Separate financial statement	
	Note	2017	2016	2017	2016
Revenues					
Sales		283,789,176	285,577,322	-	-
Subsidy for adder		587,913,040	583,595,090	-	-
Service income	6	-	-	36,000,000	36,000,000
Dividend income	6	-	-	359,999,921	506,699,894
Other income	6	5,407,731	7,538,594	51,560,216	15,326,879
Total revenues		877,109,947	876,711,006	447,560,137	558,026,773
Expenses					
Cost of sales	18	167,609,265	169,031,230	-	-
Administrative expenses	18	219,900,694	114,182,810	75,525,379	35,357,460
Total expenses		387,509,959	283,214,040	75,525,379	35,357,460
Profit before finance cost and income tax expenses		489,599,988	593,496,966	372,034,758	522,669,313
Finance cost	6	(146,879,628)	(146,114,356)	(44,182,058)	(28,297,348)
Profit before income tax expenses		342,720,360	447,382,610	327,852,700	494,371,965
Income tax (expenses)	19	(8,114,514)	5,618	(7,969,269)	17,689
Profit for the year		334,605,846	447,388,228	319,883,431	494,389,654
Other comprehensive income:					
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>					
Exchange differences on translation of financial statements in foreign currency		(17,631,172)	(714,004)	-	-
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</i>					
Actuarial gain (loss) - net of income tax		199,720	(485,101)	331,338	(315,491)
Other comprehensive income for the year		(17,431,452)	(1,199,105)	331,338	(315,491)
Total comprehensive income for the year		317,174,394	446,189,123	320,214,769	494,074,163
Profit attributable to:					
Equity holders of the Company		339,832,370	448,642,234	319,883,431	494,389,654
Non-controlling interests of the subsidiaries		(5,226,524)	(1,254,006)	-	-
		334,605,846	447,388,228	319,883,431	494,389,654

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

Sernsang Power Corporation Public Company and its subsidiaries

Statement of comprehensive income (continued)

For the year ended 31 December 2017

(Unit: Baht)

		Consolidated financial statements		Separate financial statement	
	Note	2017	2016	2017	2016
Comprehensive income attributable to:					
Equity holder of the Company		323,875,836	450,457,763	320,214,769	494,074,163
Non-controlling interest of the subsidiaries		(6,701,442)	(4,268,640)	-	-
		<u>317,174,394</u>	<u>446,189,123</u>	<u>320,214,769</u>	<u>494,074,163</u>
Earnings per share					
Basic earnings per share	21				
Profit attributable to equity holders of the Company					
(Baht per share)		<u>0.45</u>	<u>64.94</u>	<u>0.42</u>	<u>71.56</u>
Weighted average number of ordinary shares (shares)		<u>753,555,702</u>	<u>6,908,750</u>	<u>753,555,702</u>	<u>6,908,750</u>

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

Sermsang Power Corporation Public Company and its subsidiaries

Statement of changes in shareholders' equity

For the year ended 31 December 2017

(Unit: Baht)

	Consolidated financial statements									
	Equity attributable to owners of the Company									
	Retained earnings		Other components of shareholders' equity							
	Appropriated	Unappropriated	Retained earnings after the combination under common control	Exchange differences on translation of financial statements in foreign currency	Accrual gain (loss)	Total other components of shareholders' equity	Total equity attributable to owners of the company	Non-controlling interests of subsidiaries	Total shareholders' equity	
Balance as at 1 January 2016										
Issued and paid-up share capital	693,377,869	-	-	-	(41,306)	793,664,459	793,664,459	-	793,664,459	
Profit for the year	-	37,697,867	-	-	-	448,642,234	448,642,234	(1,254,006)	447,388,228	
Other comprehensive income for the year	-	-	-	-	-	1,815,529	1,815,529	(3,014,634)	(1,199,105)	
Total comprehensive income for the year	-	-	-	-	-	2,300,630	2,300,630	(4,268,640)	446,189,123	
Transfer equity of subsidiaries before the business combination under common control to surplus on business combination	-	-	-	-	(485,101)	450,457,763	450,457,763	-	-	
Non controlling interest of subsidiaries in share capital of subsidiaries	(2,502,869)	-	(4,599,453)	-	-	(2,502,869)	(2,502,869)	-	(2,502,869)	
Balance as at 31 December 2016	690,875,000	33,098,414	-	2,300,630	(526,487)	1,774,143	1,241,619,353	59,458,792	1,298,809,505	
Balance as at 1 January 2017	690,875,000	33,098,414	-	2,300,630	(526,487)	1,774,143	1,241,619,353	55,190,152	1,296,809,505	
Increase in share capital issuance	231,125,000	-	-	-	-	1,742,334,678	1,742,334,678	-	1,742,334,678	
Profit for the year	-	1,511,209,678	-	-	-	339,832,370	339,832,370	(5,226,524)	334,605,846	
Other comprehensive income for the year	-	-	-	(16,156,254)	199,720	(15,956,534)	(15,956,534)	(1,474,919)	(17,431,452)	
Total comprehensive income for the year	-	-	-	(16,156,254)	199,720	323,875,836	323,875,836	(6,701,442)	317,174,394	
Statutory reserve	-	-	40,713,654	-	-	-	-	-	-	
Increase in non-controlling interests from the increase in share capital of subsidiaries	-	-	-	-	-	-	-	65,350,106	65,350,106	
Balance as at 31 December 2017	922,000,000	1,511,209,678	40,713,654	(13,855,624)	(326,767)	3,307,829,867	3,307,829,867	113,838,816	3,421,668,683	

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

Sernsang Power Corporation Public Company and its subsidiaries

Statement of changes in shareholders' equity (continued)

For the year ended 31 December 2017

(Unit: Baht)

Separate financial statement							
		Other components					
		of equity					
		Issued and	Premium on	Retained earnings		Other comprehensive	Total
		paid-up	ordinary shares			income	shareholders'
Note		share capital		Appropriated	Unappropriated	Actuarial gain (loss)	equity
Balance as at 1 January 2016		690,875,000	-	-	(4,702,121)	-	686,172,879
Profit for the year		-	-	-	494,389,654	-	494,389,654
Other comprehensive income for the year		-	-	-	-	(315,491)	(315,491)
Total comprehensive income for the year		-	-	-	494,389,654	(315,491)	494,074,163
Balance as at 31 December 2016		690,875,000	-	-	489,687,533	(315,491)	1,180,247,042
Balance as at 1 January 2017		690,875,000	-	-	489,687,533	(315,491)	1,180,247,042
Increase in share capital issuance	16	231,125,000	1,511,209,678	-	-	-	1,742,334,678
Profit for the year		-	-	-	319,883,431	-	319,883,431
Other comprehensive income for the year		-	-	-	-	331,338	331,338
Total comprehensive income for the year		-	-	-	319,883,431	331,338	320,214,769
Transferred to statutory reserve	17	-	-	40,713,654	(40,713,654)	-	-
Balance as at 31 December 2017		922,000,000	1,511,209,678	40,713,654	768,857,310	15,847	3,242,796,489

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

Sermsang Power Corporation Public Company and its subsidiaries

Cash flow statement

For the year ended 31 December 2017

(Unit: Baht)

	Consolidated financial statements		Separate financial statement	
	2017	2016 (Restated)	2017	2016 (Restated)
Cash flows from operating activities				
Profit before tax	342,720,360	447,382,610	327,852,700	494,371,965
Adjustments to reconcile profit (loss) before tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	119,549,548	119,391,091	192,251	116,951
Gain on disposal of fixed assets	-	(20,670)	-	-
Provision for long-term employee benefits	451,745	329,857	410,635	88,444
Impairment of investment	-	-	34,078,842	-
Unrealised loss on exchange rate	1,028,917	811,662	-	-
Dividend income from subsidiary	-	-	(359,999,921)	(506,699,894)
Interest income	(2,477,272)	(2,566,252)	(51,343,701)	(14,768,985)
Finance cost	146,879,628	146,114,356	44,182,058	28,297,348
Profit (loss) from operating activities before changes in operating assets and liabilities	608,152,926	711,442,654	(4,627,136)	1,405,829
Operating assets (increase) decrease				
Trade and other receivables	6,144,800	1,417,088	(12,670,591)	(16,144,095)
Other current assets	15,096,708	(3,064,745)	-	-
Revenue Department receivable	(90,596,453)	(59,617,271)	(2,205,487)	-
Other non-current assets	(132,688)	(91,226)	-	-
Operating liabilities increase (decrease)				
Trade and other payables	29,563,257	13,338,469	1,910,899	2,425,213
Construction retention	562,075	-	-	-
Other current liabilities	891,839	222,613	719,796	1,100,206
Other non-current liabilities	(371,617)	(167,695)	-	-
Cash flows from operating activities	569,310,847	663,479,887	(16,872,519)	(11,212,847)
Cash paid for corporate income tax	(936,296)	-	(729,464)	-
Net cash flows from (used in) operating activities	568,374,551	663,479,887	(17,601,983)	(11,212,847)

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

Sernsang Power Corporation Public Company and its subsidiaries

Cash flow statement (continued)

For the year ended 31 December 2017

(Unit: Baht)

	Consolidated financial statements		Separate financial statement	
	2017	2016	2017	2016
		(Restated)		(Restated)
Cash flows from investing activities				
Short-term loans to related parties	-	-	(295,854,573)	(3,335,787)
Long-term loans to related parties	-	-	(634,936,697)	(468,067,504)
Investment in subsidiaries	-	-	(109,529,850)	(25,319,950)
Dividend income from investment in subsidiaries	-	-	359,999,921	506,699,894
Acquisition of property, plant and equipment	(1,815,441,682)	(831,238,225)	(473,854)	(933,825)
Acquisition of intangible assets	(145,835,458)	(510,036,249)	(12,200)	(79,065)
Subsidy from the government	144,903,000	-	-	-
Prepaid rental	(141,002,759)	-	-	-
Interest income	2,477,272	2,566,252	1,076,330	1,336,899
Purchases of subsidiaries from the group of major shareholders	-	(2,502,869)	-	-
Acquisition of non-controlling interest	65,350,106	59,458,792	-	-
Net cash flows from (used in) investing activities	(1,889,549,521)	(1,281,752,299)	(679,730,923)	10,300,662
Cash flows from financing activities				
Short-term loans from related parties	(116,838)	(37,023,075)	44,249,290	(327,583,349)
Liabilities under finance lease agreements	(1,797,954)	(1,666,677)	-	-
Cash receipt from long-term loans from bank	2,174,662,124	1,552,655,143	270,000,000	445,000,000
Repayment of long-term loans from bank	(1,059,441,250)	(583,918,750)	(715,000,000)	-
Proceeds from increase in share capital	1,774,637,500	-	1,774,637,500	-
Cash payment of direct costs related to share offering	(40,354,218)	-	(40,354,218)	-
Cash payment of interest and fee expenses	(288,091,538)	(264,081,698)	(32,599,200)	(21,341,238)
Net cash flows from financing activities	2,559,497,826	665,964,943	1,300,933,372	96,075,413
Translation adjustments	(2,287,127)	(714,004)	-	-
Net increase in cash and cash equivalents	1,236,035,729	46,978,527	603,600,466	95,163,228
Cash and cash equivalents at beginning of year	367,356,517	320,377,990	95,893,263	730,035
Cash and cash equivalents at end of year	1,603,392,246	367,356,517	699,493,729	95,893,263
	-			
Supplemental cash flow information:				
Non - cash transaction				
Fixed assets increase by replacement	394,263	464,428	-	-
Transfer interest expenses to cost of plant and equipment	50,039,106	-	-	-
Payable for acquisition of fixed assets	193,011,123	-	-	-

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

Sermsang Power Corporation Public Company and its subsidiaries

Notes of consolidated financial statements

For the year ended 31 December 2017

1. General information

Sermsang Power Corporation Public Company Limited (“ the Company ”) is a company limited incorporated under Thai Laws on 16 June 2015 and domiciled in Thailand. The major shareholders of the Company is a group of ordinary persons in the same family (“ the group of major shareholders ”) by directly held by their names or held by the company (which its major shareholders were such group persons). The Company is principally engaged in investment, consultancy and service providers regarding to the power business to related companies. The registered office is at 325/14, Lan Luang Road, Si Yaek Mahanak, Dusit, Bangkok.

In January 2017, the Company was transformed from a limited company to be a public company limited and changed its name from " Sermsang Power Corporation Company Limited " to be " Sermsang Power Corporation Public Company Limited ".

The Market of Alternative Investment (mai) has approved the listing of the ordinary shares of the Company as securities on the mai, to be traded from 27 September 2017.

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

The consolidated financial statements include the financial statements of Sernsang Power Corporation Public Company Limited (“the Company”) and the following subsidiary companies (“the Subsidiaries”):

Subsidiary companies	Nature of business	Country of incorporation	Percentage of shareholding	
			31 December 2017	31 December 2016
			(Percentage)	(Percentage)
Subsidiary companies directly held by the Company				
Serm Sang Palang Ngan Company Limited	Production and distribution of electricity	Thailand	100.0	100.0
Sernsang Corporation Company Limited	Production and distribution of electricity	Thailand	100.0	100.0
Sernsang International Company Limited	Investment and consultancy	Thailand	100.0	100.0
Access Energy Company Limited	Investment and consultancy	Thailand	100.0	100.0
Essential Power Company Limited	Production and distribution of electricity	Thailand	100.0	100.0
Sernsang Solar Company Limited	Production and distribution of electricity	Thailand	100.0	100.0
Siam Renewable Power Company Limited	Production and distribution of electricity	Thailand	100.0	100.0
Plus Energy Company Limited	Production and distribution of electricity	Thailand	100.0	100.0
Sernsang Infinite Company Limited (Formerly named “Sernsang Sustainable Energy Company Limited”)	Production and distribution of electricity	Thailand	100.0	100.0
Siam Clean Solutions Company Limited	Production and distribution of electricity	Thailand	100.0	100.0
Prestige Group Company Limited	Production and distribution of electricity	Thailand	100.0	100.0
Triple P Renewable Company Limited (Formerly named “Sikhiu Biogas Company Limited”)	Production and distribution of electricity	Thailand	100.0	100.0
Subsidiary companies indirectly held by the Company				
S. Global Power Limited	Investment and consultancy	Hong Kong	100.0	100.0
Surge Energy Corporation Limited	Investment and consultancy	Hong Kong	100.0	100.0
Access C Management Limited	Investment and consultancy	Hong Kong	100.0	100.0
Sernsang Sustainable Singapore Private Limited	Investment and consultancy	Singapore	100.0	-
Seijo Corporation	Investment and consultancy	Japan	100.0	100.0
SS Hidaka No Mori GK	Production and distribution of electricity	Japan	87.0	87.0
GK GSSE	Production and distribution of electricity	Japan	90.0	90.0
Zouen Energy GK	Production and distribution of electricity	Japan	100.0	100.0
Ashita Power 1 GK	Production and distribution of electricity	Japan	100.0	-
Ashita Power 2 GK	Production and distribution of electricity	Japan	100.0	-
Tenuun Gerel Construction LLC	Production and distribution of electricity	Mongolia	73.7	-

- a) 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.
- b) Subsidiaries are fully consolidated, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.
- c) The financial statements of the subsidiaries are prepared using the same period and significant accounting policies as the Company.
- d) The assets and liabilities in the financial statements of overseas subsidiary companies are translated to Baht using the exchange rate prevailing on the end of reporting period, and revenues and expenses translated using monthly average exchange rates. The resulting differences are shown under the caption of "Exchange differences on translation of financial statements in foreign currency" in the statements of changes in shareholders' equity.
- e) Material balances and transactions between the Company and its subsidiary companies 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.

2.2.1 Increase in investment in subsidiaries during the year

During the year, the Company invested in subsidiaries as follows

The Company	Investment Amount	
	Currency	(Million)
SS Hidaka No Mori GK	Yen	351.5
GK GSSE	Yen	4.0
Zouen Energy GK	Yen	364.0
Ashita Power 1 GK	Yen	280.0
Ashita Power 2 GK	Yen	120.0

2.2.2 Additional purchase of investment during the year

2.2.2.1 On 9 November 2017, the meeting of the Company's Board of Directors resolved to establish a new subsidiary named Sermsang Sustainable Singapore Private Limited, which is registered in Singapore with the total registered share capital of USD 130,000 (1 USD per share). The Company paid for such share capital of USD 0.13 million on 26 December 2017.

2.2.2.2 During the year 2017, a subsidiary had invested in Tenuun Gerel Construction LLC, which was incorporated in Mongolia and engaged in an operation of a solar power plant in Mongolia. The subsidiary holds 73.7 percent of total shares and the net book value as at the acquisition date was MNT 24.0 million or equivalent to Baht 0.3 million. The subsidiary and minority shareholders of that company paid for the additional share capital of MNT 24,704 million or equivalent to Baht 330 million with the portion of the subsidiary being MNT 21,064 million or equivalent to Baht 282 million.

2.3 The separate financial statements present investments in subsidiaries 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 2016) and new accounting treatment guidance which are effective for fiscal years beginning on or after 1 January 2017. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards. The adoption of these financial reporting standards does not have any significant impact on the Company and its subsidiaries' financial statements

(b) Financial reporting standards that will become effective in the future

During the current year, the Federation of Accounting Professions issued a number of 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 management of the Company and its subsidiaries believe that the revised financial reporting standards will not have any significant impact on the financial statements when they are initially applied.

4. Significant accounts policies

4.1 Revenue and expenses recognition

Sales of goods

Sales of goods are recognised when the significant risks and rewards of ownership of the goods have passed to the buyer. Sales are the invoiced value, excluding value added tax, of goods supplied after deducting discounts and allowances.

Rendering of services

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

Subsidy for adder are recognised where there is a reasonable assurance that the subsidy will be received and the Company and its subsidiaries will comply with all attached conditions.

The subsidy relating to income are recognised as income in profit and loss. The subsidy relating to specific expenses are deferred and recognised in profit or loss on a systematic basis over the periods in which the Company and its subsidiaries recognises as expenses the related costs for which the subsidy are intended to compensate. Government grants are recognised when there is reasonable assurance that the grants will be received and all attached conditions will be complied with.

Grants related to assets are presented as a deducting to the value of the related assets and are recognised in profit or loss over the useful life of the assets as a reduced depreciation expense.

Interest income and interest expenses

Interest income and interest expense are recognised on an accrual basis based on the effective interest rate.

Expenses

Expenses are recognized on an accrual basis.

Dividends

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 Investments

Investments in subsidiaries are accounted for in the separate financial statements using the cost method.

4.5 Power plants under construction

All expenditures and other related expenses incurred during the construction of the solar power plants to make the plants operational are capitalised as solar power plants. Such project costs incurred during the construction phase include costs of solar panels, project construction costs, management fees, consulting fees and borrowing costs.

4.6 Property, plant and equipment/Depreciation

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

Depreciation of buildings and equipment is calculated by reference to their costs less residual values (if any) on the straight-line basis over the following estimated useful lives:

Land improvements	25 years
Office building and building improvement	20 years
Power plants	20, 25 years
Machinery, equipment and spare parts	20, 25 years
Office and plant equipment	5 years
Office and plant furniture and fixtures	5 years

Depreciation is included in determining income. No depreciation is provided on land, work under construction and machinery under installation.

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

4.7 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 Intangible assets

Intangible assets are recognised at cost. Following the initial recognition, the 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 is as follows:

	<u>Useful lives</u>
Electric distribution linkage right	20, 25 years
Communication and external electric distribution system	20, 25 years
Computer software	5 years

4.9 Related party transactions

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

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

4.10 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.

4.11 Foreign currencies

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

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

Gains and losses on exchange are included in determining income.

4.12 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. An impairment loss is recognised in profit or loss.

4.13 Prepaid rental

Prepaid rental are amortised on the straight-line basis over the lease period.

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

Defined benefit plans

The Company and its subsidiaries have obligations in respect of the severance payments it 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 post-employment benefits 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 they recognise 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 Derivatives

Interest rate swap contracts

The net amount of interest to be received from or paid to the counterparty under an interest rate swap contract is recognised as income or expenses on an accrual basis.

4.18 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:

Property, plant and equipment/Depreciation

In determining depreciation of plant and equipment, the management is required to make estimates of the useful lives and residual values of the plant and equipment 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.

Intangible assets

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

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.

Fair value of financial instruments

In determining the fair value of financial instruments that are not actively traded and for which quoted market prices are not readily available, the management exercise judgement, using a variety of valuation techniques and models. The input to these models is taken from observable markets, and includes consideration of credit risk (bank and counterparty, both), liquidity, correlation and longer-term volatility of financial instruments. Change in assumptions about these factors could affect the fair value and disclosures of fair value hierarchy.

6. Related party transaction

During the years, the Company and its subsidiaries had significant business transactions with key management, personnel and related parties. Such transactions, which are summarised below, arose in the ordinary course of business and were concluded on commercial terms and based agreed upon between the Company and those related parties.

(Unit: Baht)

For the year end 31 December					
	Consolidated		Separate		Pricing policy
	Financial statements		Financial statement		
	2017	2016	2017	2016	
<u>Transactions with subsidiary companies</u>					
<i>(eliminated from the consolidated financial statements)</i>					
Service income	-	-	36,000,000	36,000,000	Per agreement
Interest income	-	-	50,397,333	13,706,348	2.0% - MLR+2.1%
Interest expense	-	-	5,237,165	13,444,245	0.90% - 6.225%
Dividend income	-	-	359,999,921	506,699,894	
<u>Transactions with related companies</u>					
Interest income	-	843,413	-	843,413	6.5%, 6.7% per annum
Interest income - director	-	25,225	-	25,225	6.7% per annum
Rental and service expenses	360,000	360,000	360,000	360,000	Per agreement
Professional fee	435,000	437,500	-	-	Per agreement
Interest expense	-	4,691,272	-	4,691,272	1.3% - 6.5% per annum
Interest expense - director	-	191,316	-	191,316	2.0% per annum
Purchase of land - director	6,849,721	-	-	-	With reference to the appraisal value by an independent professional appraiser

As at 31 December 2017 and 2016, the balances of the accounts between the Company and those related companies are as follows:

(Unit: Baht)

	Consolidated financial Statements		Separate financial statement	
	2017	2016	2017	2016
Accounts receivables - related parties				
(Note 8)				
Subsidiaries	-	-	27,922,500	14,980,000
Total accounts receivables - related parties	-	-	27,922,500	14,980,000
Interest receivables - related parties				
(Note 8)				
Subsidiaries	-	-	63,719,073	13,451,703
Total interest receivable-related parties	-	-	63,719,073	13,451,703
Other receivable - advance payment				
(Note 8)				
Subsidiaries	-	-	-	476,045
Total other receivable - related companies	-	-	-	476,045
Interest payables - related parties				
(Note 12)				
Subsidiaries	-	-	19,213,087	14,108,991
Total interest payable - related parties	-	-	19,213,087	14,108,991
Accrued rental expense - related parties (Note 12)				
Directors	30,000	-	30,000	-
Related companies (related by common shareholders)	-	360,000	-	360,000
Total accrued rental expense - directors and related parties	30,000	360,000	30,000	360,000

Service income agreements

The Company entered into service income agreements with two subsidiaries whereby the subsidiaries have to pay service income on a monthly basis as stated in the agreement.

Power purchase agreement

During the year, a subsidiary (Sermasang Infinite Co., Ltd.) entered into Power purchase agreement with a related company (Srinanaporn Marketing Co., Ltd) for 25 years. As at 31 December 2017, the subsidiary has not yet earned income because the project has not been operated.

Loans to related parties and loan from related parties

As at 31 December 2017 and 2016, the balance of loans between the Company and the related parties and their movements are as follows:

	(Unit: Baht)			
	Consolidated financial statements			
	For year ended 31 December 2017			
	Balance as at 1 January 2017	Increase during the year	Decrease during the year	Balance as at 31 December 2017
<u>Short-term loans from related parties</u>				
Director which are related person	116,838	-	(166,838)	-
Total short-term loans from related parties	116,838	-	(166,838)	-

	(Unit: Baht)			
	Consolidated financial statements			
	For year ended 31 December 2016			
	Balance as at 1 January 2016	Increase during the year	Decrease during the year	Balance as at 31 December 2016
<u>Short-term loans to related parties</u>				
Uni Power Tech Co., Ltd.	-	83,813,155	(83,813,155)	-
Primary Energy Co., Ltd.	-	98,582	(98,582)	-
Related person	-	678,166	(678,166)	-
Total short-term loans to related parties	-	84,589,903	(84,589,903)	-

Short-term loans from related parties

Director which are related person	37,139,913	214,169,720	(251,192,795)	116,838
Uni Power Tech Co., Ltd.	-	151,278,373	(151,278,373)	-
Primary Energy Co., Ltd.	-	260,000,000	(260,000,000)	-

(Unit: Baht)

Separate financial statement				
For the year ended 31 December 2017				
	Balance as at	Increase	Decrease	Balance as at
	1 January 2017	during	during the year	31 December 2017
		the year		
<u>Short-term loans to related companies</u>				
<u>Subsidiaries</u>				
Sermsang Solar Company Limited	55,000	-	(55,000)	-
Siam Clean Solutions Company Limited	55,150	-	(55,150)	-
Sermsang Corporation Company Limited	150,000	-	(150,000)	-
S. Global Power Limited	12,481	-	(12,481)	-
Triple P Renewable Company Limited (Formerly named "Sikhiu Biogas Company Limited")	2,109,389	20,000	-	2,129,389
Siam Renewable Power Company Limited	30,000	-	(30,000)	-
Sermsang Infinite Company Limited (Formerly named "Sarmsang Sustainable Energy Company Limited")	-	12,000,000	(12,000,000)	-
Access Energy Company Limited	4,730,855	8,950,000	-	13,680,855
Sermsang International Company Limited	-	307,067,503 ^(a)	(19,880,299)	287,187,204
Total short-term loans to subsidiaries	7,142,875	328,037,503	(32,182,930)	302,997,448
<u>Long-term loans to related Company</u>				
<u>Subsidiary</u>				
Sermsang International Company Limited	527,067,503	942,004,200	(307,067,503) ^(a)	1,162,004,200
Total long-term loans to related companies-subsidiary	527,067,503	942,004,200	(307,067,503)	1,162,004,200

(a) During the year, Company had amended the repayment term of long term loan agreement between Sermsang International Company Limited, Baht 307 million, from 2017-2019 to be at call. Then, as at 31 December 2017, such loan are presented as short-term loans.

As at 31 December 2017, balance of long-term loans was Baht 1,162 million had repayment term within December 2019 - December 2020.

(Unit: Baht)

	Separate financial statement			
	For the year ended 31 December 2016			
	Balance as at 1 January 2016	Increase during the year	Decrease during the year	Balance as at 31 December 2016
<u>Short-term loans to related companies</u>				
<u>Subsidiaries</u>				
Sernsang Solar Company Limited	-	55,000	-	55,000
Siam Clean Solutions Company Limited	-	55,150	-	55,150
Sernsang Corporation Company Limited	150,000	-	-	150,000
Sernsang International Company Limited	3,550,516	-	(3,550,516)	-
Sernsang Palang Ngan Company Limited	106,572	-	(106,572)	-
Access C Management Limited	-	3,246	(3,246)	-
S. Global Power Limited	-	42,402,481	(42,390,000)	12,481
Triple P Renewable Company Limited (Formerly named "Sikhiu Biogas Company Limited")	-	2,509,389	(400,000)	2,109,389
Siam Renewable Power Company Limited	-	30,000	-	30,000
Access Energy Company Limited	-	4,730,855	-	4,730,855
Total short-term loans to related companies	<u>3,807,088</u>	<u>49,786,121</u>	<u>(46,450,334)</u>	<u>7,142,875</u>
<u>Short-term loans to director and related companies</u>				
Directors which are related persons	-	678,166	(678,166)	-
Primary Energy Company Limited	-	98,582	(98,582)	-
Uni Power tech Company Limited	-	83,813,155	(83,813,155)	-
Total short-term loans to related companies	<u>-</u>	<u>84,589,903</u>	<u>(84,589,903)</u>	<u>-</u>
Total short-term loans to subsidiaries and related companies	<u>3,807,088</u>	<u>134,376,024</u>	<u>(131,040,237)</u>	<u>7,142,875</u>
<u>Long-term loans to related companies</u>				
<u>Subsidiary</u>				
Sernsang International Company Limited	<u>59,000,000</u>	<u>502,885,226</u>	<u>(34,817,723)</u>	<u>527,067,503</u>
Total long-term loans to related companies - subsidiary	<u>59,000,000</u>	<u>502,885,226</u>	<u>(34,817,723)</u>	<u>527,067,503</u>

(Unit: Baht)

	Separate financial statement			
	For the year ended 31 December 2017			
	Balance as at 1 January 2017	Increase during the year	Decrease during the year	Balance as at 31 December 2017
<u>Short-term loans from related parties</u>				
Sermsang Corporation Company Limited	81,819,859	-	(3,759,751)	78,060,108
Essential Power Company Limited	8,073,372	10,000,000	(6,474,600)	11,598,772
Sermsang Solar Company Limited	1,468,322	46,750,000	(7,501,218)	40,717,104
Siam Renewable Power Company Limited	3,168,050	-	(118,313)	3,049,737
Plus Energy Company Limited	3,173,927	-	(51,000)	3,122,927
Sermsang Infinite Company Limited (Formerly named " Sermsang Sustainable Energy Company Limited")	2,588,993	5,417,661	(7,988,993)	17,661
Prestige Group Company Limited	2,375,784	-	(51,000)	2,324,784
Siam Clean Solution Company Limited	662,343	8,139,850	(113,346)	8,688,847
Total short-term loans from related parties	103,330,650	70,307,511	(26,058,221)	147,579,940

(Unit: Baht)

	Separate financial statement			
	For the year ended 31 December 2016			
	Balance as at 1 January 2016	Increase during the year	Decrease during the year	Balance as at 31 December 2016
<u>Short-term loans from related parties</u>				
Directors which are related persons	34,670,701	209,400,000	(244,070,701)	-
Sermsang International Company Limited	-	10,000	(10,000)	-
Sermsang Corporation Company Limited	371,862,528	-	(290,042,669)	81,819,859
Access Energy Company Limited	984,152	-	(984,152)	-
Essential Power Company Limited	8,083,372	-	(10,000)	8,073,372
Sermsang Solar Company Limited	3,183,322	-	(1,715,000)	1,468,322
Siam Renewable Power Company Limited	3,188,050	-	(20,000)	3,168,050
Plus Energy Company Limited	3,183,927	-	(10,000)	3,173,927
Sermsang Infinite Company Limited (Formerly named " Sermsang Sustainable Energy Company Limited")	989,820	2,000,000	(400,827)	2,588,993
Prestige Group Company Limited	2,390,784	-	(15,000)	2,375,784
Siam Clean Solution Company Limited	2,377,343	-	(1,715,000)	662,343
Uni Tech Power Company Limited	-	151,278,373	(151,278,373)	-
Primary Energy Company Limited	-	260,000,000	(260,000,000)	-
Total short-term loans from related parties	430,913,999	622,688,373	(950,271,722)	103,330,650

Directors and management's benefits

During the year, the Company and its subsidiaries had employee benefit expenses payable to their directors and management as below.

	Consolidated		Separate	
	financial statements		financial statement	
	2017	2016	2017	2016
Short-term employee benefits	24,235,953	20,519,500	24,235,953	20,519,500
Post-employment benefits	395,844	77,191	395,844	77,191
Total	24,631,797	20,596,691	24,631,797	20,596,691

7. Cash and cash equivalente

	Consolidated		Separate	
	financial statements		financial statement	
	2017	2016	2017	2016
Cash	351,967	500,219	15,000	15,000
Bank deposits - Current accounts	3,876,367	4,303,809	60,000	401,615
Bank deposits - Saving accounts	1,599,163,912	362,552,489	699,418,729	95,476,648
Total	1,603,392,246	367,356,517	699,493,729	95,893,263

As at 31 December 2017, a subsidiary has pledged its bank deposit in savings account amounting to Baht 278.9 million (2016: Baht 240 million) as security against long-term loans, as discussed in Note 13 to the financial statements, however such subsidiary can withdraw such savings account to use in power plant project.

8. Trade and other receivables

	(Unit: Baht)			
	Consolidated financial statements		Separate financial statement	
	2017	2016	2017	2016
		(Restated)		(Restated)
<u>Trade receivable - related parties</u>				
Not yet due	-	-	3,210,000	3,210,000
Past due				
Up to 3 months	-	-	3,312,500	3,210,000
3 - 6 months	-	-	3,210,000	3,210,000
6 - 12 months	-	-	5,350,000	5,350,000
Over 1 year	-	-	12,840,000	-
Total trade receivable - related parties	-	-	27,922,500	14,980,000
<u>Trade receivable - unrelated parties</u>				
Not yet due	144,732,528	152,273,156	-	-
Past due - not over 3 months	-	15,114	-	-
Total trade receivable - unrelated parties	144,732,528	152,288,270	-	-
<u>Other receivable - related parties</u>				
Interest receivable	-	-	63,719,073	13,451,703
Total other receivable - related parties	-	-	63,719,073	13,451,703
<u>Other receivable - unrelated parties</u>				
Advance payment	2,048,509	-	216,399	671,333
Other receivable	4,583,211	4,477,893	1,405,252	492,762
Total other receivable - unrelated parties	6,631,720	4,477,893	1,621,651	1,164,095
Total trade receivable and other receivable	151,364,248	156,766,163	93,263,224	29,595,798

9. Investments in subsidiaries

9.1 Details of investments in subsidiaries as presented in separate financial statements as at 31 December 2017 and 2016 are as follows:

(Unit: Thousand Baht)

Separate financial Statement						
Company Name	Percentage of shareholding		Paid up Share Capital		Investment (Cost method)	
	2017	2016	2017	2016	2017	2016
	(Percentage)	(Percentage)				
Serm Sang Palang Ngan Co., Ltd.	100	100	900,506	900,506	900,506	900,506
Sernsang Corporation Co., Ltd.	100	100	131,312	131,312	131,312	131,312
Sernsang International Co., Ltd.	100	100	10,000	10,000	10,000	10,000
Access Energy Co., Ltd.	100	100	20,000	12,570	20,000	12,570
Essential Power Co., Ltd.	100	100	13,250	8,250	13,250	8,250
Sernsang Solar Co., Ltd.	100	100	50,000	3,250	50,000	3,250
Siam Renewable Power Co., Ltd.	100	100	3,250	3,250	3,250	3,250
Sernsang Infinite Co., Ltd.						
(Formerly named "Sernsang Sustainable Energy Co., Ltd.")	100	100	46,100	3,250	46,100	3,250
Plus Energy Co., Ltd.	100	100	3,250	3,250	3,250	3,250
Siam Clean Solutions Co., Ltd.	100	100	10,000	2,500	10,000	10,000
Prestige Group Co., Ltd.	100	100	2,500	2,500	2,500	2,500
Triple P Renewable Co., Ltd.						
(Formerly named "Sikhiu Biogas Co., Ltd.")	100	100	2,500	2,500	2,500	2,500
					1,192,668	1,083,138
					(34,080)	-
					1,158,588	1,083,138

During the year, the Company received dividend from Sernsang Palang Ngan Company Limited (a subsidiary company) of Baht 360.0 million (2016: Baht 506.7 million).

9.2 Change the name of subsidiaries

On 11 January 2017, the Extraordinary Meeting of the shareholders No. 2/ 2017 of Sernsang Sustainable Energy Company Limited passed the resolution to change the Company name to be Sernsang Infinite Company Limited.

On 31 March 2017, the Extraordinary Meeting of the shareholders No. 2/2017 of Sikhiu Biogas Company Limited passed the resolution to change the Company name to be Triple P Renewable Company Limited.

9.3 Called up and increase in share capital of subsidiaries

9.3.1 On 25 September 2017, Access Energy Company Limited has called up of its registered capital and the Company paid for the share subscription of Baht 3.8 million.

On 14 December 2017, Access Energy Company Limited has called up of its registered capital and the Company paid for the share subscription of Baht 3.3 million. Later on 28 December 2017, this Company has called up of its registered capital and the Company paid for the share subscription of Baht 0.3 million.

9.3.2 On 9 May 2017, the Extraordinary General Meeting of the shareholders No. 2/2017 of Essential Power Company Limited passed a resolution to increase its registered share capital from Baht 30.0 million to Baht 50.0 million by issuing 200,000 ordinary shares at a par value of Baht 100 each. Essential Power Company Limited called up of its increase registered share capital of Baht 5.0 million and the Company paid for the share subscription of Baht 5.0 million on 16 May 2017.

9.3.3 On 8 May 2017, Sermsang Solar Company Limited has called up 75% of the registered capital and the Company paid for the share subscription of Baht 6.7 million. Subsequently on 15 May 2017, the Extraordinary General Meeting of the shareholders No. 2/2017 of Sermsang Solar Company Limited passed a resolution to increase its registered share capital from Baht 10.0 million to Baht 50.0 million by issuing 400,000 ordinary shares at a par value of Baht 100 each. Sermsang Solar Company Limited called up of its increase registered share capital of Baht 40.0 million and the Company fully paid for the share subscription on 17 May 2017.

9.3.4 On 6 February 2017, Sermsang Infinite Company Limited has called up 75% of its registered capital and the Company paid for the share subscription of Baht 6.7 million. Subsequently on 12 June 2017, the Extraordinary General Meeting of the shareholders No. 3/2017 of Sermsang Infinite Company Limited passed a resolution to increase its registered share capital from Baht 10.0 million to Baht 20.0 million by issuing 100,000 ordinary shares at a par value of Baht 100 each. Sermsang Infinite Company Limited called up of its increase registered share capital of Baht 10.0 million and the Company fully paid for the share subscription on 13 June 2017.

On 24 July 2017, the Extraordinary Meeting of the shareholders No. 4/2017 of Sermasang Infinite Company Limited passed the resolution to approve the increase of its registered share capital from Baht 20.0 million to Baht 50.0 million by issuing 300,000 ordinary shares with a par value of Baht 100 each. Sermasang Infinite Company Limited called up of total increase registered share capital which is Baht 7.5 million. The Company paid in the called-up share of Baht 7.5 million on 24 July 2017.

On 6 December 2017, Sermasang Infinite Company Limited has called up for its increase share capital, amounting to Baht 4.8 million. Later on 23 December 2017, increase share capital which is Baht 13.8 million has been called. The Company paid in the called-up shares on 6 and 23 December 2017.

- 9.3.5 On 8 May 2017, Siam Clean Solutions Company Limited has called up 75% of its registered capital and the Company paid for the share subscription of Baht 7.5 million.

9.4 Non-controlling Interests

- 9.4.1 Detail of subsidiaries (indirectly held by the Company) that have material non-controlling interests.

Subsidiaries	(Unit: thousand Baht)							
	Proportion of equity		Accumulated balance		Loss allocated to		Dividend paid to	
	interest held by		of non-controlling		non-controlling		non-controlling	
	interests		interests		interests during the		interests during the	
	2017	2016	2017	2016	2017	2016	2017	2016
	(%)	(%)						
SS Hidaka No Mori GK	13.0	13.0	(43,241)	(32,496)	(2,827)	(1,090)	-	-
GK GSSE Tenuun Gerel	10.0	10.0	(19,697)	(22,694)	(1,869)	(164)	-	-
Construction LLC.	26.3	-	(50,891)	-	(531)	-	-	-

9.4.2 Summarised financial information that based on amounts before inter-company elimination about subsidiaries that have material non-controlling interests.

Summarised information about financial position

(Unit: thousand Baht)

	SS Hidaka No Mori GK		GK GSSE		Tenuun Gerel Construction LLC	
	2017	2016	2017	2016	2017	2016
Current assets	10,892	16,628	82,824	3	282,865	-
Non- current assets	1,793,625	1,235,222	979,106	227,929	266,906	-
Current liabilities	181,274	6,308	10,846	1,015	197,403	-
Non - current liabilities	1,294,813	998,993	854,147	-	-	-

Summarised information about comprehensive income

(Unit: thousand Baht)

For the year ended 31 December

	SS Hidaka No Mori GK		GK GSSE		Tenuun Gerel Construction LLC	
	2017	2016	2017	2016	2017	2016
Revenue	21	24	-	9	244	-
Profit (Loss)	(21,744)	(8,384)	(18,692)	(1,640)	(1,709)	-
Other comprehensive income	(21,621)	(2,616)	(12,645)	(398)	1,499	-
Total comprehensive income	(43,365)	(11,000)	(31,337)	(2,038)	(210)	-

Summarised information about comprehensive income

(Unit: thousand Baht)

For the year ended 31 December

	SS Hidaka No Mori GK		GK GSSE		Tenuun Gerel Construction LLC	
	2017	2016	2017	2016	2017	2016
Cash flow from operating activities	(85,211)	(120,711)	4,186	(21,506)	4,186	-
Cash flow from investment activities	(391,922)	(861,654)	(73,714)	21,506	(73,714)	-
Cash flow from financing activities	471,026	998,993	320,558	-	320,558	-
Net increase in cash and cash equivalents	(6,107)	16,628	251,030	-	251,030	-

10. Property plant and equipment

(Unit: Baht)

	Consolidated financial statements							
	Land	Land improvement	Office building and building improvement	Power Plant	Machinery, equipment and spare part	Furniture, fixtures and equipment	Vehicles	Power plants under construction
Cost								
1 January 2016	156,832,890	138,634,466	5,590,239	491,839,907	2,271,589,375	1,478,667	7,264,953	-
Additions	-	-	-	-	464,428	1,291,751	-	837,878,133
Disposals	-	-	-	-	(464,428)	-	-	-
31 December 2016	156,832,890	138,634,466	5,590,239	491,839,907	2,271,589,375	2,770,418	7,264,953	837,878,133
Additions	72,451,500	-	-	-	394,263	482,234	-	1,985,558,897
Disposals	-	-	-	-	(394,263)	-	-	-
Subsidy from the government	-	-	-	-	-	-	-	(144,903,000)
Exchange differences on translation of financial statements in foreign currency	-	-	-	-	-	-	-	(52,987,761)
31 December 2017	229,284,390	138,634,466	5,590,239	491,839,907	2,271,589,375	3,252,652	7,264,953	2,625,546,269
Accumulated depreciation								
1 January 2016	-	5,059,208	254,081	17,948,788	82,892,351	205,448	2,896,172	-
Depreciation for the year	-	5,545,379	279,512	19,673,596	90,863,575	409,675	1,440,535	-
Depreciation on disposals	-	-	-	-	(20,669)	-	-	-
31 December 2016	-	10,604,587	533,593	37,622,384	173,735,257	615,123	4,336,707	-
Depreciation for the year	-	5,545,379	279,512	19,673,596	90,902,040	538,857	1,440,535	-
Depreciation on disposals	-	-	-	-	(38,464)	-	-	-
31 December 2017	-	16,149,966	813,105	57,295,980	264,598,833	1,153,980	5,777,242	-
Net book value								
31 December 2016	156,832,890	128,029,879	5,056,646	454,217,523	2,097,854,118	2,155,295	2,928,246	837,878,133
31 December 2017	229,284,390	122,484,500	4,777,134	434,543,927	2,006,990,542	2,098,672	1,487,711	2,625,546,269
Depreciation for the year								
2017 (Baht 116,395,436 included in cost of sales, and the remaining balance included in administrative expense)								118,212,272
2016 (Baht 116,396,526 included in cost of sales, and the remaining balance included in administrative expense)								118,379,919

(Unit: Baht)

	Separate financial statement		
	Construction in process	Office Equipment	Total
Cost			
1 January 2016	-	-	-
Addition	-	933,825	933,825
31 December 2016	-	933,825	933,825
Addition	408,256	65,597	473,853
31 December 2017	408,256	999,422	1,407,678
Accumulated depreciation			
1 January 2016	-	-	-
Depreciation for the year	-	107,208	107,208
31 December 2016	-	107,208	107,208
Depreciation for the year	-	176,509	176,509
31 December 2017	-	283,717	283,717
Net book value			
31 December 2016	-	826,617	826,617
31 December 2017	408,256	715,705	1,123,961
Depreciation for the year			
2016 (All included in administrative expenses)	-	107,208	107,208
2017 (All included in administrative expenses)	-	176,509	176,509

As at 31 December 2017, a subsidiary has mortgaged all property plant and equipment which net book value of Baht 2,726.4 million (2016: Baht 2,843.0 million) as collateral against credit facilities obtained from financial institutions as discussed in Note 13 to the financial statements.

As at 31 December 2017 and 2016, a subsidiary had vehicle with net book value of Baht 1.5 million (2016: Baht 2.9 million) which were acquired under finance lease agreements.

During the year ended at 31 December 2017, the subsidiaries in Japan capitalized its borrowing costs as construction in progress - power plant totaling to Baht 50 million (2016: Baht 7.9 million).

During the year, a subsidiary in Japan received subsidy from the government amounting to Yen 500.0 million or Baht 144.9 million. The subsidy was related to assets. The subsidiary thus presents such subsidy income deducted from the construction in progress - power plant.

11. Intangible assets

The net book value of intangible assets as at 31 December 2017 and 2016 is presented below.

(Unit: Baht)

	Consolidated financial statements				
	Electric distribution linkage right	Communication and external electric distribution system	Computer software	Communication and external electric distribution system and right under construction	Total
Cost					
1 January 2016	6,900,000	21,098,772	186,722	-	28,185,494
Additions	-	33,388,797	248,029	476,399,423	510,036,249
31 December 2016	6,900,000	54,487,569	434,751	476,399,423	538,221,743
Addition during the period - Cost	-	63,574,906	97,800	82,162,749	145,835,455
Exchange differences on translation of financial statements in foreign currency	-	(1,967,274)	-	(24,449,714)	(26,416,988)
31 December 2017	6,900,000	116,095,201	532,551	534,112,458	657,640,210
Accumulated depreciation					
1 January 2016	251,803	769,961	24,272	-	1,046,036
Amortisation for the year	276,000	843,951	58,868	-	1,178,819
31 December 2016	527,803	1,613,912	83,140	-	2,224,855
Amortisation for the year	276,000	843,951	88,141	-	1,208,092
31 December 2017	803,803	2,457,863	171,281	-	3,432,947
Net book value					
31 December 2016	6,372,197	52,873,657	351,611	476,399,423	535,996,888
31 December 2017	6,096,197	113,637,338	361,270	534,112,458	654,207,263

All amortisation expense for the years 2017 and 2016 included in administrative expense.

Communication and external electric distribution system and electric distribution linkage right and license in Japan had not yet been amortised because the Power Plant is under construction. The amortisation will start when the commercial operation of the Electricity Generating Business commences.

(Unit: Baht)

	Separate financial statement	
	Computer software	Total
Cost		
1 January 2016	-	-
Additions	79,065	79,065
31 December 2016	79,065	79,065
Additions	12,200	12,200
31 December 2017	91,265	91,265
Accumulated amortisation		
1 January 2016	-	-
Amortisation for the year	9,743	9,743
31 December 2016	9,743	9,743
Amortisation for the year	15,742	15,742
31 December 2017	25,485	25,485
Net book value		
31 December 2016	69,322	69,322
31 December 2017	65,780	65,780

All amortisation expense included in administrative expense

12. Trade and other payables

(Unit: Baht)

	Consolidated		Separate	
	financial statements		financial statement	
	2017	2016	2017	2016
Trade payable - related parties	-	65,000	-	-
Trade payable - unrelated parties	11,206,441	9,674,679	-	71,660
Other payable - unrelated parties	207,347,724	3,235,489	2,572,410	937,681
Accrued interest expense - subsidiaries	-	-	19,213,087	14,108,991
Accrued expense - related parties	30,000	360,000	30,000	360,000
Accrued expense - unrelated parties	38,111,488	19,623,549	5,346,694	4,668,864

13. Long-term loans

(Unit: Baht)

Loan	Interest rate (percent per annum)	Currency	Repayment schedule	Consolidated financial statements		Separate financial statement		Note
				2017	2016	2017	2016	
1)	THBFIX 3 months plus additional rate	Baht	Repayments of principal and interest are to be made on quarterly basis starting from June 2015 to December 2024	1,850,527,500	2,194,968,750	-	-	a)
2)	MLR plus additional rate	Baht	Repayments of interest is to be made on quarterly basis and repayments of principal is to be made on semi-annual basis starting from March 2018 to September 2024 or repayment the total principal within 31 December 2017 depend on the condition as stipulated in loan agreement	-	445,000,000	-	445,000,000	b)
3)	JPY LIBOR 3 months plus additional rate	Yen	Repayments of interest on quarterly basis and repayments of principal in Yen currency starting from September 2018 to June 2036	1,565,507,089	1,107,655,143	-	-	c)
4)	JPY LIBOR 3 months plus additional rate	Yen	Repayments of interest on quarterly basis and repayments of principal in Yen currency starting from March 2021 to December 2037	938,806,830	-	-	-	d)
5)	JPY LIBOR 3 months plus additional rate	Yen	Repayments of interest on quarterly basis and repayments of principal in Yen currency starting from March 2019 to December 2035	442,740,104	-	-	-	e)
Total loan from banks				4,797,581,523	3,747,623,893	-	445,000,000	
Less: Deferred finance charges				(225,591,928)	(134,419,121)	-	(6,478,763)	
Total				4,571,989,595	3,613,204,772	-	438,521,237	
Less: Current portion				(510,313,401)	(362,414,467)	-	(22,666,938)	
Long-term loans - net of current portion				4,061,676,194	3,250,790,305	-	415,854,299	

Note:

- a) As at 31 December 2017, the subsidiary (Serm Sang Palang Ngan Company Limited) had pledged all of deposit in saving account, property, plant and equipment as collateral against credit facilities obtained from two commercial banks as discussed in Note 7 and Note 10 to financial statements.
- b) During the year of 2017, the Company had repaid loans to a bank. The credit facilities was secured by dividend to be received from a subsidiary.
- c) On 10 August 2016, the subsidiary (SS Hidaka No Mori GK) entered into loan agreement with financial institutions for the solar power plant project in Japan, total credit facilities amounting to Yen 6,362.0 million. As at 31 December 2017, the subsidiary had drawn Yen 5,401.9 million (2016: Yen 3,596.9 million).
- d) On 28 June 2017, the subsidiary (GK GSSE) entered into loan agreement with financial institutions, total credit facilities amounting to Yen 10,023.0 million. As at 31 December 2017, the subsidiary had drawn Yen 3,239.4 million.
- e) On 17 November 2017, the subsidiary (Zouen Energy GK) entered into loan agreement with financial institutions, total credit facilities amounting to Yen 2,453.0 million. As at 31 December 2017, the subsidiary had drawn Yen 1,527.7 million

The loan agreements contain several covenants which, among other things, require the Company and the subsidiaries to maintain debt-to-equity ratio at the rate prescribed in the agreements and the dividend payment is required to meet the conditions in loan agreement and notify the bank.

As at 31 December 2017, the long-term credit facilities of the Company and its subsidiaries which have not yet been drawn down amounted to Baht 1,705.0 million and Yen 8,668.9 million (the Company: Baht 1,665.0 million) (2016: the Company and subsidiaries: Baht 1,395.0 million and Yen 2,765.1 million and the Company: Baht 1,355.0 million).

14. Liabilities under finance lease agreements

	(Unit: Baht)			
	Consolidated		Separate	
	financial statements		financial statement	
	2017	2016	2017	2016
Liabilities under finance lease agreements	70,725	1,929,970	-	-
Less: Deferred interest expenses	(484)	(61,775)	-	-
Total	70,241	1,868,195	-	-
Less: Current portion	(70,241)	(1,803,079)	-	-
Liabilities under finance lease agreements				
- net of current portion	-	65,116	-	-

A subsidiary (Sermsang Corporation Co., Ltd) has entered into the finance lease agreements for rental of vehicles for use in its operation, whereby it is committed to pay rental on a monthly basis. The terms of the agreements are generally 4 years.

Future minimum lease payments required under the finance lease agreements were as follows:

	(Unit: Baht)			
	Consolidated financial statements			
	As at 31 December 2017			
	Less than	Over		Total
	1 year	1 - 5 years	5 years	
Future minimum lease payments	70,725	-	-	70,725
Deferred interest expenses	(484)	-	-	(484)
Present value of future minimum lease payments	70,241	-	-	70,241

	(Unit: Baht)			
	Consolidated financial statements			
	As at 31 December 2016			
	Less than	Over		Total
	1 year	1 - 5 years	5 years	
Future minimum lease payments	1,864,370	65,600	-	1,929,970
Deferred interest expenses	(61,291)	(484)	-	(61,775)
Present value of future minimum lease payments	1,803,079	65,116	-	1,868,195

15. ทุนจดทะเบียน

On 11 January 2017, the Extraordinary General Meeting of shareholders No.1/2017 of the Company passed the resolutions as follows:

- a) Approving the adjustment of par value from Baht 100 each to at Baht 1 each. After this adjustment, the number of ordinary shares would increase from 6,916,250 shares to 691,625,000 shares. The Company registered the change in its par value with the Ministry of Commerce on 12 January 2017.
- b) Approving capital increase, from Baht 691,625,000 (691,625,000 ordinary shares of Baht 1 each) to Baht 922,000,000 (922,000,000 ordinary shares of Baht 1 each) by issuing 230,375,000 new ordinary shares at a par value of Baht 1 each. The increase of capital is to accommodate the public offering. The Company registered the capital increase with the Ministry of Commerce on 12 January 2017.

16. Issued and Paid up share capital

- a) According to the resolution of the Board of Directors' meeting held on 27 December 2016, the resolution was to call up share capital amounting to Baht 750,000. The Company received share subscription from its shareholders on 19 January 2017, then the Company has the paid-up share capital of Baht 691.6 million.
- b) In September 2017, the Company made an initial public offering for 230,375,000 of newly issued ordinary shares at the price of Baht 7.7 per share for total proceeds of Baht 1,773.9 million, resulting in share premium amounting to Baht 1,511.2 million, net of direct cost attributable to the share offering and related income tax of Baht 32.3 million (income tax of Baht 8.0 million). The Company received full settlement of the additional share capital on 25 September 2017.

17. Statutory reserve

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside a statutory reserve at least 5 percent of its net profit 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.

The Company set aside net income of Baht 40.7 million from its operating result of the

18. Expenditure by nature

Significant expenses classified by nature are as follows:

	(Unit: Baht)			
	Consolidated		Separate	
	financial statements		financial statement	
	2017	2016	2017	2016
Salaries and wages and other employee benefits	61,544,530	48,516,485	27,379,835	25,383,084
Depreciation and amortization expenses	119,549,548	119,391,091	192,252	116,951
Repair and maintenance of power plant	38,237,496	37,994,827	-	-
Professional fees	11,909,153	15,454,668	8,969,903	3,545,782
Bank charges	2,907,091	2,277,067	1,447,644	1,166,227
Land lease	31,516,046	7,060,937	-	-
Provision for impairment of investment	-	-	34,078,842	-

19. Income tax expenses (revenue)

Income tax expenses (revenue) of the Group for the years ended 31 December 2017 and 2016 are made up as follows:

	(Unit: Baht)			
	Consolidated		Separate	
	financial statements		financial statement	
	2017	2016	2017	2016
Current income tax:				
Corporate income tax charge for the year	193,411	60,353	-	-
Effects of income tax related to the expenses from share offering (Note 16)	8,051,396	-	8,051,396	-
Deferred tax:				
Relating to origination and reversal of temporary differences and others	(130,293)	(65,971)	(82,127)	(17,689)
Income tax expense (revenue) reported in the statement of comprehensive income	8,114,514	(5,618)	7,969,269	(17,689)

The amount of income tax relating to each component of other comprehensive income for the years ended 31 December 2017 and 2016 are as follows:

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Actuarial loss (gain)	49,930	(131,622)	82,835	(78,873)
Income tax expense (revenue) reported in the statement of other comprehensive income	49,930	(131,622)	82,835	(78,873)

The reconciliation between accounting profit (loss) and income tax expense is shown below.

(Unit: Baht)

	Consolidated financial statements		Separate financial statement	
	2017	2016	2017	2016
Accounting profit before tax	342,720,360	447,382,610	327,852,700	494,371,965
Applicable tax rate	0%, 10%, 15%, 16.5%, 20%	0%, 15%, 16.5%, 20%	20%	20%
Accounting profit before corporate income tax multiplied by income tax rate	80,853,963	92,968,050	65,570,540	98,874,393
Effects of:				
Promotional privileges (Note 20)	(114,357,354)	(109,187,691)	-	-
Non-deductible expenses	7,782,370	676,837	6,949,425	139,402
Exempted revenue	-	-	(71,999,984)	(101,339,979)
Utilized tax losses	(658,402)	(897,049)	-	-
Tax losses for the year, that were not recognised as deferred tax assets	34,493,937	16,434,235	7,449,288	2,308,495
Tax income expense (revenue) reported in the statement of comprehensive				

The components of deferred tax assets are as follows:

(Unit: Baht)

	Consolidated		Separate	
	financial statements		financial statement	
	31 December 2017	31 December 2016	31 December 2017	31 December 2016
Deferred tax assets				
Provision for long-term employee benefits	292,862	212,500	95,854	96,562

As at 31 December 2017, the Company and its subsidiaries have unused tax losses totaling Baht 263 million (the Company: Baht 54 million) (2016: the Company and its subsidiaries: Baht 103 million and the Company: Baht 16 million), on which deferred tax assets have not been recognised as the Company and its subsidiaries believe that future taxable profits may not be sufficient to allow utilisation of the temporary differences and unused tax losses.

As at 31 December 2017, unused tax losses totaling Baht 263 million, such tax losses will be expired within 2018 - 2022.

20. Promotional privileges

A subsidiary has received promotional privileges from the Board of Investment for the production of electricity generated from solar energy, pursuant to the investment promotion certificate No. 2645(1)/2013 issued on 19 November 2013. Subject to certain imposed conditions, the privileges include an exemption from corporate income tax for a period of 8 years from the date the promoted operations begin generating revenues (2 February 2015) 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.

The subsidiary's operating revenues and subsidy for adder as presented in statement of comprehensive income for the year ended 31 December 2017 and 2016 are wholly revenues from promoted operations.

21. 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.

22. 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 chief operating decision maker has been identified the Company's management.

The Company and its subsidiaries are principally engaged in the production and distribution of electricity including an investment in this business. Management of the Company considered that the group has one operation segment. Segment performance is measured based on operating profit or loss, on a basis consistent with that used to measure operating profit or loss in the financial statements. As a result, all of the revenues, operating profits and assets as reflected in these financial statements pertain exclusively to the aforementioned reportable operating segment.

Geographical segments

The Company and its subsidiaries operate in Thailand, Hong Kong, Singapore, Japan and Mongolia. The operations in Hong Kong, Singapore, Japan and Mongolia do not generate revenues. In financial reporting, revenues as presented in the financial statements are geographical segments. Non-current assets (exclusive of financial instruments and deferred tax assets) are set out in table below.

Country	(Unit: Million Baht)	
	Consolidated financial statements	
	31 December 2017	31 December 2016
Thailand	2,806	2,873
Japan	3,150	1,348
Mongolia	267	-
Total	6,223	4,221

Major customers

For the year 2017 and 2016, the Company and its subsidiaries have one major customer with revenue was Baht 871.7 million (2016: Baht 869.2 million).

23. Provident fund

The Company and its subsidiaries and its employee have jointly established a provident fund in accordance with the provident fund Act B.E. 2530. Both employees and the Company contribute to the fund monthly at the rate of 2 - 10 percent of basic salary. The fund, which is managed by Kasikorn Asset Management Company Limited will be paid to employees upon termination in accordance with the fund rules.

During the year of 2017, the Company and its subsidiaries recorded the contributions amounting to approximately Baht 1.5 million, the Company: Baht 0.8 million. (2016: the Company and its subsidiaries: Baht 0.9 million, the Company: Baht 0.5 million).

24. Commitments and contingent liabilities

24.1 Power purchase agreement

On 7 June 2013, a subsidiary (Serm Sang Palang Ngan Company Limited) entered into power purchase agreement with Electricity Generating Authority of Thailand ("EGAT"). The agreement covered the periods of five years and it will be renewable for a period of five years. According to electricity sale to EGAT, the subsidiary will be granted a subsidy for adder at Baht 6.5 per kilowatt-hour for the period of ten years starting from the first commercial date (2 February 2015).

24.2 Capital commitments

As at 31 December 2017, the subsidiaries in Japan had capital commitments of Yen 10,264.1 million (2016: Yen 4,264.0 million), relating to the project development, land purchase and licenses. The subsidiary in Mongolia had capital commitments of MNT 28.82 million, relating to the project development, machinery and equipment purchase.

24.3 Land lease commitments

As at 31 December 2017, the subsidiaries in Japan have land lease commitments for the 20 years starting from 2016 or 2017. The annual rent are totaling Yen 151.1 million (2016: Yen 129.6 million).

24.4 Service agreement

As at 31 December 2017 and 2016, the Company and subsidiary have commitment for service agreements in Thailand which have the remaining schedule repayments as follows:

	(Unit Million Baht)	
	31 December 2017	31 December 2016
Payable		
In up to 1 year	39	41
In over 1 year and up to 5 years	160	198
In over 5 years	88	133
Total	287	372

As at 31 December 2017, the subsidiaries in Japan have long-term service commitments related to several service agreements. The service fee expenses are Yen 61.7 million per year (2016: Yen 28.3 million).

24.5 Share capital of subsidiaries

As at 31 December 2017, the Company has a commitment in respect of the unissued and uncalled portion of the subsidiaries' registered share capital amounting to Baht 517.6 million (2016: Baht 527.8 million), a subsidiary in Hong Kong has a commitment to pay for investment in subsidiaries in Japan of Yen 2,611.8 million (2016: Yen 1,967.3 million) and a subsidiary in Singapore has a commitment to pay for investment in a subsidiary in Mongolia of USD 8.6 million.

24.6 Bank guarantees

As at 31 December 2017, there were outstanding bank guarantees of Baht 85.3 million issued by bank on behalf of the Company and its subsidiaries in order to guarantee contracted performance to state enterprises and Baht 72 million of such bank guarantees were the Company's. (2016: The Company and its subsidiaries of Baht 3.35 million)

24.7 Derivatives

- a) As at 31 December 2017 and 31 December 2016, a subsidiary (Serm Sang Palang Ngan Company Limited) has the interest rate swap contracts as follows:

Contract value		Received interest rate	Paid interest rate	Due date
31 December 2017	31 December 2016			
1 Baht 278 Million	Baht 329 Million	Floating interest rate, THBFIX-REUTERS 3 months + 2 percent per annum	Fixed interest rate 5.795 percent per annum	30 December 2024
2 Baht 925 Million	Baht 1,097 Million	Floating interest rate, THBFIX-REUTERS 3 months + 2 percent per annum	Fixed interest rate 5.710 percent per annum	30 December 2024

25. Financial instruments

25.1 Financial risk management

The Company's financial instruments, as defined under Thai Accounting Standard No.107 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, trade and other receivables, Revenue Department receivable, loans, trade and other payables, construction retention, borrowing and liabilities under finance lease agreements. The financial risks associated with these financial instruments and how they are managed is described follow.

Credit risk

The Company and its subsidiaries are exposed to credit risk primarily with respect to trade and other receivables which mainly sell to a few customers. However, the Company does not expect to incur material financial losses from uncollectible debts since the debtor has ability of repayment. The maximum exposure to credit risk is limited to the carrying amounts of trade and other receivables as stated in the statement of financial position.

Interest rate risk

The Company and its subsidiaries' exposure to interest rate risk relates primarily to its cash at banks and lending and long-term borrowings. Most of their financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate.

As at 31 December 2017 and 2016, 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: Baht)

Consolidated financial statements					
As at 31 December 2017					
Fixed interest rate within 1 year	Floating interest rate	Non-interest bearing	Total	Effective interest rate (% per annum)	
Financial Assets					
Cash and cash equivalents	-	1,599,163,912	4,228,334	1,603,392,246	0.37%
Trade and other receivables	-	-	149,315,739	149,315,739	-
Revenue Department receivable	-	-	246,377,717	246,377,717	-
	-	1,599,163,912	399,921,790	1,999,085,702	

(Unit: Baht)

Consolidates financial statements							
As at 31 December 2017							
	Fixed interest rate						
	Within 1 year	1 - 5 years	Over 5 years	Floating interest rate	Non-interest bearing	Total	Effective interest rate
Financial liabilities							(% per annum)
Trade and other payables	-	-	-	-	256,695,653	256,695,653	-
Construction retention	-	-	-	-	4,036,238	4,036,238	-
Liabilities under finance lease							
agreements	70,241	-	-	-	-	70,241	5.75%
Long-term loans	-	-	-	4,571,989,595	-	4,571,989,595	2.34% - 3.61%
	70,241	-	-	4,571,989,595	260,731,891	4,832,791,727	
Financial Derivatives							
Interest rate swap contracts							
- Fixed interest rate	220,374,863	677,806,350	304,661,662	-	-	1,202,842,875	5.71% , 5.795%
- Floating interest rate	-	-	-	1,202,842,875	-	1,202,845,875	3.20% - 3.61%

(Unit: Baht)

Consolidated financial statements					
As at 31 December 2016					
	Fixed interest rate within 1 year	Floating interest rate	Non-interest bearing	Total	Effective interest rate (% per annum.)
Financial Assets					
Cash and cash equivalents	-	362,552,489	4,804,028	367,356,517	0.37%
Trade and other receivables	-	-	156,766,163	156,766,163	-
Revenue Department receivable	-	-	155,781,264	155,781,264	-
	-	362,552,489	317,351,455	679,903,944	

(Unit: Baht)

Consolidated financial statements							
As at 31 December 2016							
	Fixed interest rate						
	Within 1 year	1 - 5 year	Over 5 year	Floating interest rate	Non-interest bearing	Total	Effective interest rate (% per annum.)
Financial liabilities							
Trade and other payables	-	-	-	-	32,958,717	32,958,717	-
Construction retention	-	-	-	-	3,474,163	3,474,163	-
Loans from related parties	116,838	-	-	-	-	116,838	
Liabilities under finance lease agreements	1,803,079	65,116	-	-	-	1,868,195	5.75%
Long-term loans	-	-	-	3,613,204,772	-	3,613,204,772	2.78% - 6.35%
	1,919,917	65,116	-	3,613,204,772	36,432,880	3,651,622,685	
Financial Derivatives							
Interest rate swap contracts							
- Fixed interest rate	223,886,813	898,181,213	304,661,662	-	-	1,426,729,688	5.71%, 5.795%
- Floating interest rate	-	-	-	1,426,729,688	-	1,426,729,688	3.48% - 3.78%

(Unit: Baht)

Separate financial statement							
As at 31 December 2017							
	Fixed interest rate						
	Within 1 year	1 - 5 years	Over 5 years	Floating interest rate	Non-interest bearing	Total	Effective interest rate (% per annum)
Financial Assets							
Cash and cash equivalents	-	-	-	699,418,729	75,000	699,493,729	0.37%
Trade and other receivables	-	-	-	-	93,046,825	93,046,825	-
Revenue Department receivable	-	-	-	-	2,205,487	2,205,487	
Short-term loans to related parties	302,997,448	-	-	-	-	302,997,448	2.10%
Long-term loans to related parties	-	1,162,004,200	-	-	-	1,162,004,200	2.10%
	302,997,448	1,162,004,200	-	699,418,729	95,327,312	2,259,747,689	
Financial liabilities							
Trade and other payables	-	-	-	-	27,162,191	27,162,191	-
Short-term loans from related parties	147,579,940	-	-	-	-	147,579,940	2%
	147,579,940	-	-	-	27,162,191	174,742,131	

(Unit: Baht)

Separate financial statements							
As at 31 December 2016							
	Fixed interest rate			Floating interest rate	Non-interest bearing	Total	Effective interest rate (% per annum)
	Within 1 year	1 - 5 years	Over 5 years				
Financial Assets							
Cash and cash equivalents	-	-	-	95,476,648	416,615	95,893,263	0.37%
Trade and other receivables	-	-	-	-	28,924,465	28,924,465	
Short-term loans to related parties	7,142,875	-	-	-	-	7,142,875	2%, 6.70%
Long-term loans to related parties	24,182,277	502,885,226	-	-	-	527,067,503	2%, 6.70%
	<u>31,325,152</u>	<u>502,885,226</u>	<u>-</u>	<u>95,476,648</u>	<u>29,341,080</u>	<u>659,028,106</u>	
Financial liabilities							
Trade and other payables	-	-	-	-	20,147,196	20,147,196	-
Construction retention							
Short-term loans from related parties	103,330,650	-	-	-	-	103,330,650	2%, 6.225%
Long-term loans	-	-	-	438,521,237	-	438,521,237	6.35%
	<u>103,330,650</u>	<u>-</u>	<u>-</u>	<u>438,521,237</u>	<u>20,147,196</u>	<u>561,999,083</u>	

Foreign currency risk

The Company and its subsidiaries' exposure to foreign currency risk arise mainly from revenue department receivable, cash in foreign currency and loans from financial institutions that are denominated in foreign currencies. As at 31 December 2017 and 2016, the balances of financial assets and liabilities denominated in foreign currencies which have not hedged any foreign currency risk are summarised below.

Foreign currency	Financial assets		Financial liabilities		Average exchange rate	
	2017	2016	2017	2016	2017	2016
(Baht per 1 foreign currency unit)						
Japanese yen	1,649,528,302	550,173,728	9,536,126,550	3,267,840,859	0.2898060	0.3079505
US dollar	11,745,321	103,006	5,926,643	-	32.680900	35.830650
Singapore dollar	30,390	30,410	3,000	-	24.450250	24.801000
MNT	33,383,466	-	333,145,782	-	0.013439	0.014476
Euro	-	-	50,858	-	39.027250	37.757650

25.2 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 values are not expected to be materially different from the amounts presented in statement of financial position.

As at 31 December 2017, the fair value of interest rate swap contract of a subsidiary was negative amounting to Baht 76 million, (31 December 2016: Baht 79 million) which was referenced by the counterparty bank. Such fair value was categorised within Level 2 of the fair value hierarchy.

26. 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 its business and maximize shareholder value. As at 31 December 2017, the Group's debt-to-equity ratio was 1.4 (2016: 2.8). The Company has debt-to-equity ratio was 0.05 (2016: 0.5).

27. Reclassification

During the year, the Company reclassify as follows

(Unit : Baht)				
	Consolidated		Seperated	
	financial statements		financial statement	
	1 January 2016		1 January 2016	
	As previously		As previously	
	reported	As reclassified	reported	As reclassified
Financial statement				
Trade and other receivables	155,564,665	158,183,251	-	19,616
Other current assets	61,615,649	58,997,063	19,616	-

(Unit : Baht)				
	Consolidated		Seperated	
	financial statements		financial statement	
	31 December 2016		31 December 2016	
	As previously		As previously	
	reported	As reclassified	reported	As reclassified
Financial statement				
Trade and other receivables	152,288,945	156,766,163	14,980,000	29,595,798
Other current assets	65,973,634	61,496,416	14,615,798	-

	Consolidated financial statements		Seperated financial statement	
	1 January 2016		1 January 2016	
	As previously reported		As previously reported	
		As reclassified		As reclassified
Cashflow statement				
Cash flows from operating activities				
Trade and other receivables	3,275,720	1,417,088	(14,980,000)	(1,644,095)
Other current assets	(4,923,377)	(3,064,745)	(1,164,095)	-

The reclassifications had no effect to previously reported profit or shareholders' equity.

28. Events after the reporting period

28.1 Investment in subsidiary

In February 2018, a subsidiary invested in its subsidiary amounting to USD 200,000.

29. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 28 February 2018.



SERMSANG
POWER CORPORATION

SERMSANG POWER CORPORATION PLC.

325/14 Lanlaung Rd, Mahanak Sqaure, Dusit, Bangkok 10300, Thailand

Tel: +66 2 628 0991-2 Fax: +66 2 628 0993

E-mail: info@sermsang.co.th
www.sermasang.com